PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

2. The Report deals with the findings of performance reviews and audit of transactions in various departments including the Public Works and Irrigation Departments, audit of stores and stock, audit of autonomous bodies and departmentally run commercial undertakings.

3. The Report also contains the observations arising out of audit of Statutory Corporations, Boards and Government Companies and revenue receipts.

4. The cases mentioned in the Report are among those which came to notice in the course of test-audit of accounts during the year 2008-09, as well as those, which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2008-09 have also been included, wherever necessary.

5. Audit observations on matters arising from the examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2009 are included in a separate Report on State Government Finances.

6. The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

This Report contains 26 audit paragraphs (including five general paragraphs), six performance reviews and one Integrated Audit of Fisheries Department. The draft audit paragraphs and draft performance reviews were 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 ten audit paragraphs included in this Report, no response was received till the time of finalisation of the Report (October 2009). A synopsis of the important findings contained in the Report is presented in this overview.

Performance Reviews

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The envisaged benefits of irrigation schemes could not be achieved due to inherent defects in planning, delays in acquisition of land and clearance from forest authorities. Irrigation potential of only 10,466 hectares was created during 2004-09 against the target of 24,742 hectares. Further, even the potential created could not be utilised due to insufficient water at the source, non-laying of pipes to the full extent to cater to the targeted beneficiaries. The Department has not evolved an adequate monitoring mechanism to speed up the completion of ongoing schemes and evaluate the outcome of the completed schemes.

(Paragraph 1.1)

2. Functioning of Education (Higher) Department

The Department planned its activities and formulated its budgets without obtaining any inputs from the educational institutions. The allocation of funds for higher education as a percentage of Social Services gradually declined over the years. Acute shortage of teaching staff, non-maintenance of teacher-student ratio as prescribed by UGC and absence of an effective monitoring mechanism impacted the functioning of the Department in ensuring quality education to students.

(Paragraph 1.2)

3. Information Technology Review of e-Suvidha – an e-Governance Project

Government launched e-Suvidha, a project to enhance the services provided to the citizens by availing benefits of IT, where it envisaged to provide a large number of services to the citizens through a single window. The project, however, suffered from lack of defined targets and uncertainty of its completion. Besides, due to improper use of application, the objective of citizens viewing the status of their applications over kiosks or internet remained unimplemented. The system is merely being utilised for data storage, typing and printing the certificates even after 9 years of its launch.

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4. Integrated Audit of Fisheries Department

The projected increase in productivity of fish over the years by the Department was neither reliable nor scientific. The goal of achieving self-sufficiency in the production of fish is far from achieved as the dependence on imports from other States/countries has gradually increased over the years. The Department has also not addressed the issues relating to quality of water and soil adequately in order to enhance the productivity of fish to the desired level. There is a need to take appropriate measures to increase the productivity of fish so that self-sufficiency could be achieved in fish production.

(Paragraph 3.1)

5. Transition from Sales Tax to Value Added Tax

The Tripura Value Added Tax Act, 2004, implemented from 1 April 2005 in lieu of Tripura Sales Tax Act, 1976, provide for the levy and collection of Value Added Tax at different points of sale in the State of Tripura. The Act, *inter alia*, was enacted with a view to make the dealers liable to pay tax on the sale value of taxable goods at every stage of selling the goods till it is sold to the consumer. Every dealer registered under the Act would be assigned with a unique "Tax payers' Identification Number (TIN)". A Performance Review on Transition from Sales Tax to Value Added Tax revealed following significant points:

- An amount of Rs.85.37 lakh remained unrealised due to non-settlement of 57 cases pending with the Tribunal.

- Due to non-existence of a system to ensure submission of returns by the registered dealers, defaulting dealers ranged between 32.14 *per cent* and 47.14 *per cent* during 2005-06 to 2008-09. No time frame was fixed in the Rules of TVAT for scrutiny of the returns.

- Only 232 dealers (1.67 *per cent*) were selected for tax audit in 2005-06. Thereafter no selection has been done, as no provision exists in the TVAT Act or Rules, stipulating percentage and method of selection of dealers for tax audit.

- Due to non-finalisation of cases pending with the Revision Authority an amount of Rs.4.37 crore remained unrealised in 76 assessment cases pertaining to different years. No time frame was stipulated in the TVAT Act or Rules for completion of appeal and revision cases.

- An amount of Rs. 39.23 lakh was short deposited by 64 dealers against 3,072 number of returns test checked.

(Paragraph 4.2)

6. Receipts from mines and minerals

Tripura is endowed with large deposits of natural gas with an accretion of 59.423 billion cubic metres. The exploration success ratio is 1:2, which is higher than (40 *per cent* and 25-30 *per cent* in case of Gujarat and Assam respectively) other major natural gas sources in the country. Prospecting and mining of minerals (as of now natural gas only), assessment, levy and collection of royalty and other mining revenue are governed by the Central Act and Rules. State Government had not enacted any set of Act and Rules for regulation of receipts of mines and minerals in the State.

A performance audit of the receipts from mines and minerals (comprising of application fees for mining lease/prospecting license, royalty, dead rent, surface rent, fines/penalties and interest for belated payment of dues) indicated following significant points:

- Inordinate delay in processing of lease applications resulted in non-realisation of potential revenue of Rs. 39.24 crore.
- Arbitrary quantification of allowable utilisation of natural gas in mining operation led to non-realisation of revenue of Rs. 16.05 lakh.
- Non-levy of the surface rent resulted in non-realisation of revenue of Rs.4.21 crore.
- Non-levy of the interest and penalty on delayed payment of the royalty resulted in non-realisation of Rs.12.57 lakh.
- Non-application of revised price for computation of the royalty on Natural Gas supplied to the Tripura Natural Gas Company Limited (TNGCL) during 2006-07 to 2008-09, led to a short payment of the royalty of Rs. 12.29 lakh.
- Short payment of the royalty on casing-head condensates produced in mining operation resulted in non-realisation of revenue of Rs. 28.07 lakh.
- Non-enforcement of provisions of lease agreement resulted in non-realisation of revenue of Rs. 14.12 crore.
- Non-payment of the royalty on full quantity of natural gas extracted by Oil and Natural Gas Corporation Limited (ONGCL) during 2006-07 to 2008-09, reflected in the monthly return of production, resulted in short realisation of revenue of Rs. 2.22 crore.
- The Department failed to undertake surveillance of the leased mines to guarantee lawful exploration and environmental protection.

(Paragraph 4.3)

7. Overview of Government companies and Statutory corporation

The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. The State PSUs registered a turnover of Rs. 260.69 crore for 2008-09 as *per* their latest finalised accounts as of September 2009. This turnover was equal to 2.60 *per cent* of State Gross Domestic Product (GDP) for 2008-09. Major activities of Tripura State PSUs were concentrated in power and agriculture sectors. The State PSUs incurred a loss of Rs. 19.84 crore in the aggregate for 2008-09 as *per* their latest finalised accounts. They had employed 13,295 employees as of 31 March 2009.

(Paragraph 5.1)

8. Performance Audit Report on the functioning of Tripura Road Transport Corporation (TRTC)

The Tripura Road Transport Corporation (Corporation) provides public transport in Tripura through its two Depots for buses. The Corporation had a fleet strength of 81 buses and 20 trucks as on 31 March 2009 and carried an average of 3,500 passengers per day during the review period. The performance audit of the Corporation for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of its operations, ability to meet its financial commitments, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the Corporation.

Finances and Performance

The Corporation's books of accounts are in arrears since 2003-04. Based on provisional figures, it suffered loss of Rs. 16.90 crore in 2008-09. The accumulated losses of the Corporation stood at Rs. 228.25 crore as on 31 March 2009 (Provisional). In 2008-09, the Corporation earned Rs. 4.89 crore of traffic revenue from buses by operating 23.11 lakh effective kilometres.

Share in Public Transport

Out of 1,979 stage carriage buses licensed for public transport in 2008-09 (based on 2006-07 figures), about 4.09 *per cent* belonged to the Corporation. The percentage share decreased from 5.81 *per cent* in 2004-05 to 4.09 *per cent* in 2008-09. The decline in share was mainly due to its operational inefficiency and lack of effective monitoring by top management. Bus density (including private operators) per one lakh population increased from 53 in 2004-05 to 58 in 2008-09 indicating improvement in the level of public transport in the State. However, the Corporation's vehicle density reduced from 3.1 buses per one lakh population in 2004-05 to 2.4 buses per one lakh population in 2008-09.

Vehicle profile and utilisation

The Corporation added 23 buses during 2004-09 at a total cost of Rs. 3.23 crore. The overall fleet utilisation of the Corporation decreased from 60 *per cent* in 2004-05 to 48 *per cent* in 2008-09, which was quite less than all India average (AIA) of 92 *per cent*.

Economy in operations

Manpower and fuel constitute 64 *per cent* of total cost. Interest, depreciation and taxes account for 22 *per cent* and are not controllable in the short-term. Thus, the major cost saving has to come from manpower and fuel. However, the Corporation does not maintain separate records for manpower and its cost associated with the bus operations. However, the overall manpower position per vehicle (including trucks), which stood at 6.32 per vehicle in 2004-05 improved marginally to 6.01 per vehicle in 2008-09. The Corporation did not attain AIA in respect of fuel efficiency. Consumption of fuel in excess of AIA resulted in extra consumption of 1.13 lakh litres valued at Rs. 33.66 lakh during 2004-09.

(Paragraph 5.2)

Audit of transactions

(a) Civil

- The Health and Family Welfare Department did not comply with financial rules relating to maintenance of Cash Book, handling cash and drawal of money, which together with absence of supervision and internal control led to fraud of Rs. 3.49 crore, out of which, Rs. 1.96 crore was suspected to have been misappropriated.

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- Poor contract management by the Public Works Department (Roads and Buildings) led to extra expenditure of Rs. 35 lakh, time overrun of over two and half years and cost overrun of Rs. 2.27 crore in construction of a permanent bridge over river Muhuri at Bankarghat on Belonia-Bagafa road.

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- The objective of setting up a medical college by Health and Family Welfare Department under public private partnership faced a premature end due to deficiencies in agreement and injudicious selection of the firm.

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- Delay in paying bills, defective construction due to lack of adequate supervision and inaction against the contractor by the Public Works (Roads and Buildings) Department resulted in a bridge remaining incomplete for over five years leading to an idle expenditure of Rs. 1.50 crore.

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- Non-compliance of provisions of financial rules by the BDOs in drawal and disbursement of funds resulted in Rs.17.19 crore remaining undisbursed/ unadjusted for four months to more than five years risking misuse including misappropriation of Government money. Besides, random disbursement of advances to implementing officers has also resulted in Rs.10.36 crore remaining outstanding for long period.

(Paragraph 2.14)

(b) Revenue

- Irregular authorisation of CENVAT Credit led to short levy of sales tax of Rs. 33.61 lakh (including interest and penalty).

(Paragraph 4.5)

- Under-assessment of sales tax, non-assessment and under-assessment of additional sales tax by the assessing authorities and erroneous assessments of sales tax due to concealment of turnover by dealers, not noticed by the assessing authorities resulted in short levy of sales tax of Rs. 81.17 lakh including penalty and interest.

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- Non-compliance of provision under Central Treasury Rules resulted in non-realisation of revenue of Rs. 55.45 lakh. Besides, Rs. 9.03 lakh composite fees of nine States were not remitted due to non-realisation by the State.

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(c) Commercial

- Granting additional term loans to known defaulters and failure of the Tripura Industrial Development Corporation Limited to take timely action to recover dues from defaulting loanees including non invocation of securities, led to loss of revenue of Rs. 2.08 crore in two cases.

(Paragraph 5.3)

- Failure of Tripura Jute Mills Limited to properly wrap bales of gunny bags with water resistant packing materials resulted in water damage of 485.5 out of 910 bales of gunny bags and avoidable loss of Rs. 31.03 lakh.

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- Seven Public Sector Undertakings did not either seize the opportunity to recover their money or pursue the matters to their logical end. As a result, recovery of money amounting to Rs. 4.19 crore remains doubtful.

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- Seven Public Sector Undertakings did not either take remedial action or pursue the matters to their logical end in respect of 16 paras, resulting in foregoing the opportunity to improve their functioning.

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OVERVIEW

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CHAPTER I: PERFORMANCE REVIEWS (CIVIL DEPARTMENTS)

PUBLIC WORKS DEPARTMENT (WATER RESOURCES)

1.1 Implementation of Irrigation Schemes

The State has a total cultivable land of 2,80,000 ha with irrigation potential of 1,17,000 ha i.e. 41.79 per cent. The State does not have any major irrigation project and is dependant on three medium and several minor irrigation schemes. During 2004-09, the State had planned to create irrigation potential of 24,742 ha against which, it created a potential of only 10,466 ha i.e. 42 per cent. Performance review of implementation of irrigation schemes in the State revealed that the Public Works Department (Water Resources) has not prepared a long term perspective plan for Irrigation Project and in respect of the irrigation schemes taken up, Benefit Cost Ratio was not assessed. Implementation schedules were not adhered to and there were delays in acquisition of land and lack of coordination with other departments/corporations. Significant findings of audit are given below:

Out of 48 Minor Irrigation Schemes (MIS) selected for audit, DPR was not prepared in respect of 45 MIS. Against the target of 24,742 hectares, only 10,466 hectares (42 *per cent*) were created during 2004-09, the annual shortfall in creation of Irrigation Potential ranged between 36 and 74 *per cent*.

(*Paragraphs 1.1.7.1 and 1.1.7.2*)

Out of 48 MIS test-checked, Benefit Cost Ratio (BCR) was not assessed in 44 MIS.

(*Paragraph 1.1.7.3*)

The intended benefits were denied to the targeted beneficiaries as the Department did not acquire land for canals. The canal system of Khowai Medium Irrigation Project could not be completed even after its inclusion in AIBP, due to delay in land acquisition process.

(Paragraphs 1.1.7.4, 1.1.9.3 and 1.1.9.4)

During the last 10 years, only 482 MIS (44 *per cent*) out of 1,105 taken up under AIBP could be completed within the scheduled period of two years. The potential created was 22,310 ha (49 *per cent*) against the targeted potential of 45,961 ha.

(*Paragraph 1.1.10.1*)

Out of 48 sampled schemes, implementation of 25 MIS was delayed by four to 72 months due to non-enforcement of implementation schedule and lack of coordination with other departments/corporations.

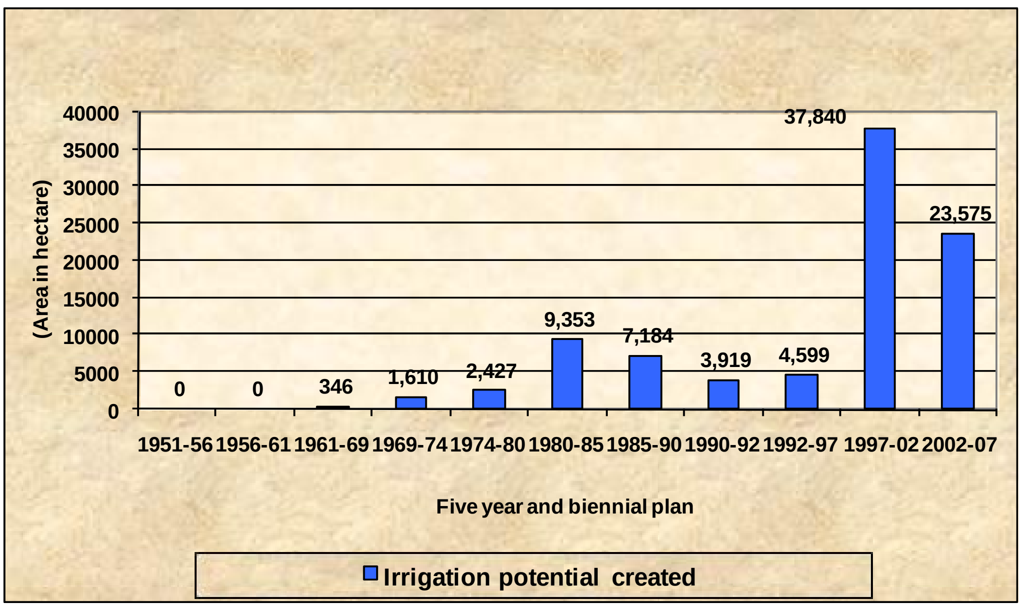
(*Paragraph 1.1.10.5*)

1.1.1 Introduction

Tripura has a total geographical area of 10,49,169 hectares out of which, the forest land constitutes 6,06,150 ha (57.77[1] *per cent*). The total cultivable land is 2,80,000 ha (26.69 *per cent* of total geographical area) of which, irrigation potential is 1,17,000 ha (41.79 *per cent* of total cultivable land). Gumti, Khowai, Manu, Dhalai, Howrah, Feni, Muhuri, Burima, Juri and Longai are the major rivers in the State and there are several rivulets locally called '*cherra*'.

Out of the available water resources, 79,000 ha can be brought under assured irrigation through surface water and 38,000 ha through ground water. The net irrigation potential created up to 10th Plan period was 90,853 ha being 77.65 *per cent* of total irrigation potential of 1,17,000 ha. Out of 90,853 ha, around 3,923 ha potential (4.31 *per cent*) was created from ground water sources through Deep Tube Wells and the rest by surface water schemes. The net utilisation was 67,914 ha, which constitutes 75 *per cent* of the potential created up to 10th plan. The Plan-wise creation of irrigation potential is given in the chart below:

Chart No. 1.1.1



As can be seen from the above chart, there was considerable progress in creation of irrigation potential in 9th and 10th Plan periods after introduction of the Accelerated Irrigation Benefits Programme (AIBP) in 1996-97.

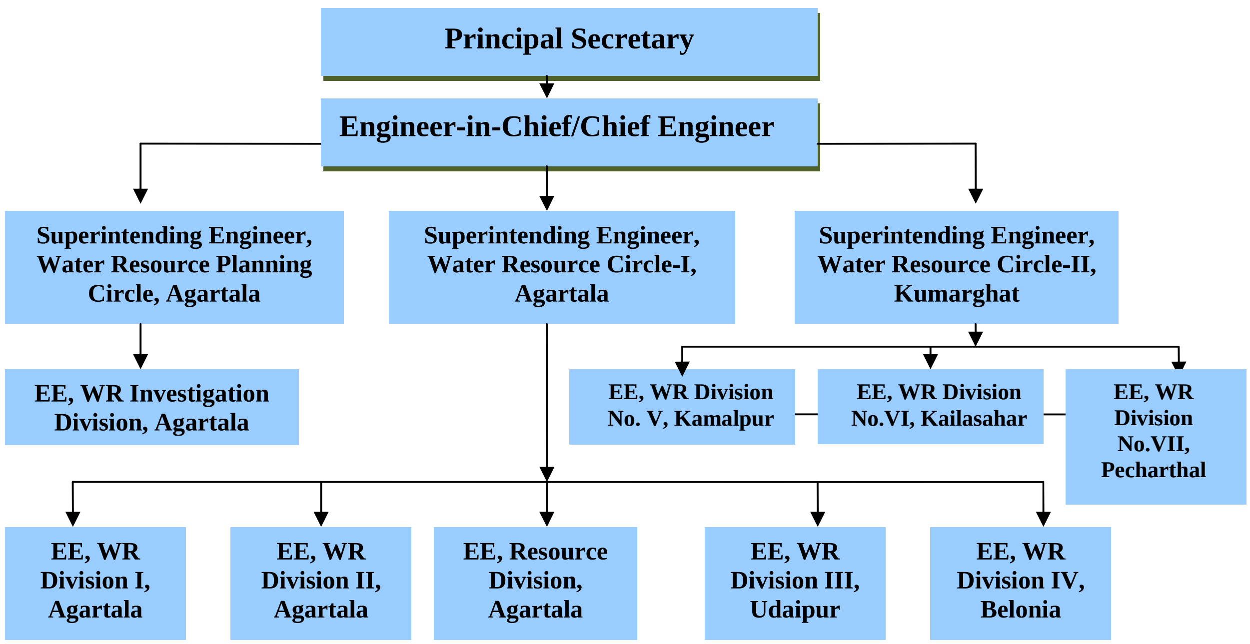
1.1.2 Organisational Set-up

Minor and medium irrigation schemes are implemented by the Public Works Department (Water Resources), which functions under the administrative control of a Principal Secretary. He is assisted by the Chief Engineer (CE), PWD (WR), three Superintending

[1] As per the latest Government publications on the State profile.

Engineers (SEs) and nine Executive Engineers (EEs). The organogram of the Department is given below:

Chart No. 1.1.2



1.1.3 Scope of Audit

Implementation of Minor Irrigation Schemes (MIS) during the period 2003-07 was reviewed in audit during 2007, and featured in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007, which is yet to be discussed in the Public Accounts Committee (PAC). A similar exercise was conducted in audit during November-December 2008 and June- July 2009, through a test-check of the records of the CE, all three SEs and eight out of nine EEs[2] for the period 2004-09. The review covered all the four districts of the State[3].

1.1.4 Audit Objectives

The main objectives of the performance audit were to ascertain whether:

- Irrigation potential was created as envisaged and was utilised fully
- Planning for new schemes and prioritisation for funding the ongoing schemes was done in a systematic manner
- Adequate funds were released on time and utilised for the intended purpose
- Individual schemes were executed in an economic, efficient and effective manner within the stipulated time schedule
- Monitoring mechanism was adequate and effective
- There was an adequate and effective mechanism for evaluation of schemes, including assessment of achievement of the desired Benefit Cost Ratio (BCR).

[2] WR Division –I, WR Division-II, WR Division-III, WR Division-IV, WR Division – V, WR Division-VI, WR Division VII and WR Investigation Division.
[3] West Tripura District, South Tripura District, North Tripura District and Dhalai District.

1.1.5 Audit Criteria

Audit findings were benchmarked against the following criteria

- Operational guidelines.
- Annual Action plans and physical and financial targets.
- Project proposals prepared by the Department.

1.1.6 Audit Methodology

An entry conference was held with the Principal Secretary to the Government of Tripura, PWD (Water Resources) on 12 September 2008, wherein the objectives, approach and audit requirements were discussed. One medium irrigation project namely 'Khowai Medium Irrigation Project (KMIP)', 28 minor irrigation schemes (MIS) out of 371 funded through AIBP and 20 out of 70 non-AIBP MIS were selected using Simple Random Sampling without Replacement (SRSWOR) method. Selected samples exclude the schemes covered in the previous Performance Audit referred to at Paragraph 1.1.3 above. Samples selected represent schemes located under different areas of classification of the State. The selected projects/schemes for audit are given in **Appendix 1.1**. The audit findings were discussed in an exit conference with the Principal Secretary on 17 August 2009 and replies have been incorporated wherever appropriate.

1.1.7 Planning

As of March 2004, 176 MIS for 10,542 hectares of planned potential involving an estimated cost of Rs. 72.51 crore were in hand for completion. Further, 441 new MIS for 20,040 hectares of planned potential involving an estimated cost of Rs. 131.19 crore were planned to be implemented by the Department during the years 2004-09.

1.1.7.1 Survey and Investigation

As per AIBP guidelines, irrigation schemes are to be taken up after carrying out a detailed survey of water requirement and after the hydrological, environmental and ecological aspects of the scheme are assessed. A Detailed Project Report (DPR) is to be prepared for every scheme, identifying the source of water and seasonal discharge of water after factoring in environment and forest clearances. DPRs should also include the detailed cost estimates, Benefit Cost Ratio (BCR), Cultivable Command Area (CCA), intensity of irrigation etc.

Scrutiny revealed that DPRs were prepared in respect of two high capacity Lift Irrigation (LI) schemes[4] and one diversion scheme[5] but were not prepared in 45 out of the 48 MIS (25 LI schemes, 20 DTWs, two high capacity LI schemes and one Diversion scheme) selected in audit. The EEs of the implementing divisions stated (June-July 2009) that only feasibility study was conducted in respect of the LI/DTW schemes before preparation of the preliminary estimates.

[4] High capacity LI scheme at Rabindranagar and high capacity LI scheme at Halahalimath.
[5] Diversion scheme over Monaicherra under Khowai block.

No DPRs were also prepared for schemes funded from sources other than AIBP and National Bank for Agriculture and Rural Development (NABARD).

However, as can be seen in Paragraph 1.1.10.4, in four LI Schemes out of 48 audited, the availability of water in the source was insufficient, which was not ascertained in the feasibility study. Thus, DPRs should be insisted upon to ensure successful implementation of the MI Schemes.

1.1.7.2 Perspective Plan

The Department did not prepare a long term Perspective Plan from which its own target for creation of irrigation potential during the period of audit-coverage could be ascertained. However, the targets available from the Perspective Plan for minor irrigation for the State as a whole as referred to in the 11th Five Year Plan (2007-12) revealed that during 2004-09, creation of irrigation potential of 27,000 ha was targeted for the State. The share of the Irrigation Department as included in their Annual Action Plans was however, 24,742 ha. The year-wise targets and achievements of the Department are shown below.

Table No. 1.1.1

Year	Physical target		Achievement	
	No. of schemes	Potential planned (ha)	No. of schemes	Potential created in ha (Percentage)
2004-05	70	3,550	65	2,216 (62)
2005-06	116	4,020	45	1,810 (45)
2006-07	98	4,000	56	2,548 (64)
2007-08[6]	NA	6,000	NA	2,063 (34)
2008-09	263	7,172	45	1,829 (26)
Total	**-**	**24,742**	**-**	**10,466 (42)**

Source: Chief Engineer, PWD (WR)

The above table shows that there was shortfall in achievement ranging from 36 *per cent* to 74 *per cent* during the period 2004-09. Reasons for shortfall were not reviewed in the departmental action plans. An attempt to ascertain the reason for the shortfall was made in audit by physical visit to 17 sites and the outcome has been discussed in Paragraph 1.1.10.3. The Department also did not project any fund requirement while preparing the action plans.

1.1.7.3 Assessment of Benefit Cost Ratio (BCR)

Out of 48 MIS test-checked, BCR was assessed in respect of only four MIS (LI scheme at Noabaripara over Maharanicherra, High capacity LI scheme at Rabindranagar over river Gumti, Diversion scheme at Monaicherra and high capacity LI scheme at Halahalimath) and projected in preliminary estimates. BCR in respect of the remaining 44 MIS was neither assessed in the preliminary estimates nor in the detailed estimates though AIBP Guidelines stipulate BCR of more than one. Due to

[6] Action plan was not available in the CE's office. Figures showing physical target and achievement in terms of potential created and achievement made were worked out on the basis of economic review of Tripura for the year 2006-07 published by Planning (Statistics) Department, Government of Tripura and leaflet published by PWD (WR).

non-assessment of BCR, the economic viability of those 44 MIS could not be verified. The Department stated in the exit conference that BCR is now being assessed in respect of all new LI schemes.

1.1.7.4 Land Acquisition

Schemes were taken up for execution without ensuring prerequisites such as land acquisition and forest clearance. Some instances of commencement of schemes without fulfilling the required prerequisites are discussed below.

(i) LI scheme at Rabindranagar

The 'High capacity LI scheme at Rabindranagar' (Planned irrigation potential of 1,000 hectares and target date of completion in March 2007), started in March 2004 against administrative approval and expenditure sanction accorded in January 2003 for Rs. 3.54 crore. For construction of canal, the Department assessed requirement of 6.50 *Kani*[7] (2.57 acres) of land in the estimate without assessing the length of the canal. The Department took up the land acquisition matter in December 2005 with the Land Acquisition Collector (LAC), West Tripura District after a lapse of 21 months of taking up the work. Out of 95.48 acres of land required for canal (length-9.80 km), only 38.67 acres (length-5.80 km) could be acquired up to November 2008. The Department incurred an expenditure of Rs. 7.20 crore for the scheme towards construction of four intake wells with pump houses, purchase of 10 pump motors, installation of four pump motors in two pump houses, laying of pipe line (1.5 km up to an earthen reservoir), power connection and land acquisition etc. as of May 2009. The construction of canal upto 4.5 km was in progress as of June 2009. The Department in order to arrange additional funds decided (April 2009) to revise the estimates.

Further, the alignment of the canal passes through a reserve forest land (between Ch 2.450 km and Ch 7.700 km). However, the Department had not taken up the matter with the State Forest Department as of June 2009 despite it being mandatory under Forest (Conservation) Act, 1980 which provides that no State Government or other authority shall use forest land for non-forest purposes without the prior approval of the Central Government. Forest (Conservation) Rules 2003 framed thereunder and Government of Tripura, Forest Department's memorandum dated 9 January 2007 also provide for such clearance in advance of taking up of any non-forest activity on the forest land.

Thus, erroneous lump sum estimation of required land for canal and delay in taking up the matter of acquisition of land with the Land Acquisition Collector and Forest Department delayed the scheme for more than two years with cost overrun of Rs. 3.66 crore (Rs. 7.20 crore - Rs. 3.54 crore).

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[7] One *Kani* is equivalent to 0.16 hectare and
One acre is equivalent to 0.405 hectare.

(ii) LI scheme at Halahalimath

The 'High capacity LI Scheme at Halahalimath' was sanctioned during 2000-01, at an estimated cost of Rs. 1.44 crore to provide irrigation to 400 hectares of command area. The Department, without final selection of site, acquisition of land and finalisation of alignment of distributory canals, awarded (June 2002) the work[8] to an agency to be completed by July 2003. The pump house was completed and intake well was partially completed while the agency suspended the work (September 2004) mainly due to non handing over of clear site by the Department for construction of canal. The work was rescinded in June 2005 and the balance work (except supply and installation of pump sets) was awarded in November 2007 to another agency. While the work of intake well was almost complete, the second agency also discontinued (November 2008) the work owing to the inability of the Department to hand over clear site for construction of canals. The Department paid Rs.24.34 lakh[9] for the work done by the agencies as of September 2009. Thus, the benefit intended to the beneficiaries was deferred by more than six years as of now besides leading to cost over run which could only be assessed on completion of the scheme.

(iii) Khowai Medium Irrigation Project

Land acquisition problems especially in construction of main and branch canals was one of the major causes for delay in completion of the project as discussed in Paragraph 1.1.9.4.

1.1.8 Financial Control

1.1.8.1 Budgeting and expenditure

The irrigation projects/schemes were mainly funded from AIBP on a matching basis by the Central and State Government. The Central share of assistance was to be released by way of Central Loan Assistance (CLA), 50 *per cent* of which was repayable in 20 annual instalments along with interest (13 *per cent* per annum). The remaining 50 *per cent* enjoyed an initial grace period of five years and was payable thereafter in 15 annual instalments.

The terms of funding were further relaxed over the years and presently, the GOI funds 90 *per cent* of the project cost in Special Category States (SCS) like Tripura, by way of grants called Central Assistance (CA). The remaining 10 *per cent* is borne by the State Government. SCS that undertook reforms were to get an additional incentive of 100 *per cent* GOI funding. ERM (Extension, Renovation and Modernisation) schemes were also brought under the ambit of AIBP in December 2006.

Year-wise funds received under AIBP from Government of India (GOI) and funds released by State Government against Central and State share and expenditure incurred thereagainst during 2004-09 are shown in the table below:

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[8] (i) Intake well (ii) Pump house (iii) Priming tank and (iv) Brick lining canal including stilling chambers.

[9] 1st agency: Rs. 15.36 lakh, 2nd agency: Rs. 4.00 lakh, Power connection: Rs. 2.96 lakh and Land acquisition: Rs. 2.02 lakh.

Table No. 1.1.2

(Rupees in crore)

Year	Funds released by the State Government		Total	Expenditure
	Central Share	State Share		
2004-05	8.00	5.05	13.05	10.52
2005-06	15.80	6.50	22.30	15.26
2006-07	21.57	7.49	29.06	37.97
2007-08	8.10	-	8.10	15.52
2008-09	20.51	1.84	22.35	14.70
Total	**73.98**	**20.88**	**94.86**	**93.97**

Source: Chief Engineer, PWD (WR)

Year-wise funds received from sources other than AIBP and expenditure thereagainst during 2004-09 is shown in the table below:

Table No. 1.1.3

(Rupees in crore)

Year	Funds received		Funds released by the State Government		Total	Expenditure
	NABARD loan	Additional Central Assistance (ACA)	NABARD loan	Additional Central Assistance (ACA)		
2004-05	3.63	2.02	3.00	-	3.00	2.65
2005-06	2.00	-	3.63	2.02	5.65	5.82
2006-07	6.31	-	3.06	-	3.06	3.23
2007-08	9.50	-	15.81	-	15.81	6.33
2008-09	-	-	-	-	-	6.11
Total	**21.44**	**2.02**	**25.50**	**2.02**	**27.52**	**24.14**

Source: Chief Engineer, PWD (WR)

1.1.8.2 Release of funds

Under AIBP, there were no significant delays in release of funds by the State Government to the implementing agencies during 2004-09, except for an amount of Rs. 1.23 crore released during 2008-09 after a delay of 124 days. With regard to NABARD loan for non AIBP schemes however, there were delays ranging from 27 to 103 days in release of funds by the Government during the period 2004-09. Late release of funds was one of the reasons for delay in implementation, as 12 out of 22 completed schemes of the 48 selected samples were completed after delays ranging from six months to one year.

1.1.8.3 Accounting procedure

For energisation of 24 MIS, seven implementing[10] divisions made advance payments aggregating Rs. 0.94 crore to the Tripura State Electricity Corporation Limited (TSECL) between August 2004 and March 2009. Of these 24 schemes, 20 schemes were energised. The entire amount paid to the TSECL was booked as final expenditure although the TSECL did not furnish (June 2009) the adjustments showing the actual expenditure incurred from these advances except for Rs. 0.04 crore adjusted (December 2008) in respect of one MIS. Consequently, the entire amount shown as

[10] WR Division No-I, WR Division No-II, WR Division No-III, WR Division No-IV, WR Division No-V, WR Division No-VI and WR Division No-VII.

works expenditure without receiving adjustment thereof resulted in reflection of incorrect picture.

Advance payment of Rs.1.78 crore was made to the LAC, West Tripura district for acquisition of 61.26 acres of land for canal work of 'High capacity LI scheme at Rabindranagar' between August 2006 and February 2009. The LAC did not furnish the adjustment showing the actual expenditure incurred against the advance. However, the entire amount was booked as final expenditure.

1.1.8.4 Expenditure on operation and maintenance

As per AIBP guidelines, expenditure on operation and maintenance of MIS is not permissible from the programme funds. Further, AIBP was introduced in the State only for surface water MIP/MIS. The DTW schemes and flood protection works were, therefore, not covered under AIBP in the State.

Non-permissible expenditure of Rs.82 lakh was incurred from AIBP funds in four out of eight test-checked implementing divisions as detailed below:

(i) Executive Engineer, WR Division-I, Agartala spent (December 2007) Rs. 13 lakh on execution of different DTW schemes.

(ii) Executive Engineer, WR Division-II, Agartala spent (March 2007) Rs.41 lakh on drilling and development of different DTW schemes, flood protection works and maintenance works of different DTW and LI schemes.

(iii) Executive Engineer, WR Division-III, Udaipur spent (between October 2005 and September 2006) Rs. 80,000 on maintenance works of different MIS and flood damage repairs.

(iv) Executive Engineer, WR Division-IV, Belonia spent (between August 2005 and March 2008) Rs.20 lakh on execution and maintenance of different DTW schemes.

1.1.8.5 Expenditure without approval

One LI Scheme at South Padmabill, Noidron near Barar Bazar in South Padmabill Gaon-sabha under Panisagar Block was executed by EE, WR Division-VI, Kailashahar under AIBP scheme between 2004-05 and 2006-07. The scheme created a potential of 25 ha against 40 ha originally estimated. Expenditure of Rs. 18 lakh was incurred from AIBP funds for implementation of the said scheme. Scrutiny revealed that the scheme was executed from AIBP funds without approval of GOI, as it was not part of AIBP funded MIS. It was noticed from the utilisation certificates submitted to the GOI that funds received for the years 2004-07 under AIBP were shown as fully utilised by the Department.

1.1.8.6 Doubtful reporting

One minor irrigation scheme namely 'LI Scheme at South Padmabill from Dugangacherra' for 50 ha command area under Panisagar Block (Administrative

Approval and Expenditure Sanction accorded in June 2002 for Rs.17 lakh) was included in the list of AIBP schemes proposed for funding by the GOI during 2005-06 and accordingly necessary funds were received from the GOI. The Department reported (November 2008) completion of the scheme to the GOI.

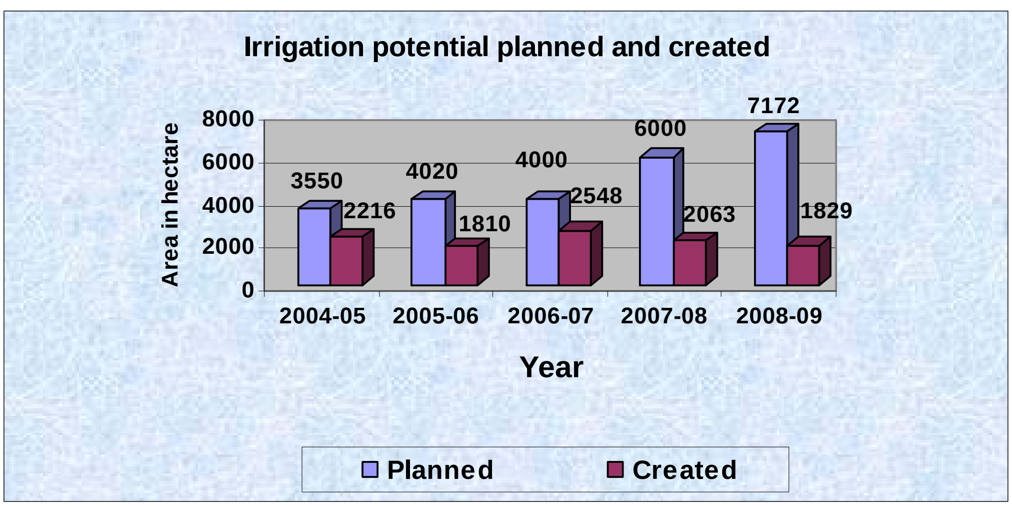
Records in support of implementation of the said scheme under AIBP though called for (November 2008) could not be furnished by the implementing Division (WR Division-VII, Pecharthal). However, audit revealed that another scheme similarly named 'LI Scheme at Dugangacherra in South Padmabill under Panisagar Block' having command area of 60 ha was commissioned in 1994 (*i.e.,* before introduction of AIBP). The matter was reported to the Government in December 2008 and reply had not been received (July 2009). However, a joint inspection conducted in audit with departmental officer (September 2009) revealed that the proposed new scheme does not exist while the similarly named old scheme was found to be functional.

1.1.9 Programme Implementation

During 2004-09 against a plan of creating irrigation potential for 24,742 ha the Department could create only 10,466 ha constituting 42 *per cent* of the potential planned during last five years.

A graphic representation of the irrigation potential planned and potential created during 2004-09 has been made in **Chart 1.1.3** below:

Chart No. 1.1.3



There is no major irrigation project in Tripura. Three Medium Irrigation Projects (MIP) namely (i) Gumti Medium Irrigation Project (ii) Khowai Medium Irrigation Project and (iii) Manu Medium Irrigation Project were sanctioned by the Planning Commission in January 1979, March 1980 and February 1981 respectively. Prior to the introduction of AIBP, all the three MIPs were languishing for want of funds. These projects were included for funding under AIBP during 1996-97.

1.1.9.1 Khowai Medium Irrigation Project (KMIP)

Khowai Medium Irrigation Project (KMIP) was taken up for implementation during the year 1980-81, at an estimated cost of Rs. 7.10 crore for an envisaged potential of 4,515 hectares Cultivable Command Area (CCA). The project was originally targeted to be completed by March 1985. It was yet to be completed as of June 2009. The latest revised estimated cost of the project was Rs. 76.80 crore at 2002 price level. An expenditure of Rs. 76.81 crore was incurred on the project as of March 2009. Scrutiny of project implementation revealed the following.

1.1.9.2 Revised estimates

The Central Water Commission (CWC) intimated (December 2005, December 2006, July 2007 and July 2008) that the revised estimate (Rs. 76.80 crore) of KMIP sent by the State PWD (WR) in October 2005 needed amendments, as it was not as per guidelines of CWC/ Planning Commission. However, revised estimates were yet to be prepared by the State Public Works (WR) Department as of July 2009.

Meanwhile, the total expenditure (Rs.76.81 crore) had already exceeded the revised estimated cost and an amount of Rs.1.25 crore was pending for payment to the agencies as of July 2009.

1.1.9.3 Progress of KMIP

The barrage portion of KMIP was completed in 1996-97 before inclusion of the project in the AIBP. Only the canal systems were implemented under AIBP. The details of physical progress of the canal systems as of June 2009 are given in **Appendix 1.2**. As can be seen from this Appendix, even after spending over 100 *per cent* (Rs.76.81 crore) of the revised cost (Rs. 76.80 crore), the Department could construct only 28.02 km of the main canal constituting 89.84 *per cent* of the target (31.19 km) and only 3.58 km of the branch canals constituting 13.94 *per cent* of the target (25.68 km). Only 23.92 *per cent* (1,080 ha) of the targeted irrigation potential (4,515 ha) could be achieved during 1996-97 to 2008-09 due to non-execution/ non-completion of the works coupled with land problems in different chainages of the main canals and branch canals.

1.1.9.4 Execution of canal works

Scrutiny revealed that in the following two cases, the progress of canal work was delayed due to departmental lapses in survey and acquisition of land:

(i) Alignment of left bank canal of KMIP passes through a reserve forest of 0.34 acre (approximately 50 metre length) located between Ch 4.20 km and Ch 4.33 km of the left bank main canal. The Department was required to take up the matter with the Forest Department well in advance for obtaining prior approval from the Union Ministry of Environment and Forests (MoEF) under the Forest (Conservation) Act, 1980. The Department approached the State Forest Department in this regard only in March 2007, after a lapse of about ten years from the inclusion of the canal works in AIBP. The photograph below shows the discontinuation of canal at reserve forest area.

The unexecuted portion of Khowai Left Bank main canal at Reserve Forest Area, Gamaibari

(ii) The canal work at Ch 9.79 km to Ch 13.50 km of right bank main canal of KMIP was awarded to an agency in May 1999. The work, scheduled to be completed in November 1999, could not be completed and was discontinued sometime in 2002 owing to land dispute. The work was again awarded to the same agency in July 2005, with one year time for completion without getting possession of the entire stretch of land required for the canal. The work could not be completed as of June 2009. The EE attributed the delay to land dispute and requirement of additional work in marshy land. The Government stated in the exit conference (August 2009) that the project would be completed by 2009-10. The photograph below shows discontinued right bank canal due to land dispute and marshy land.

Discontinued Khowai Right Bank main canal due to land dispute and marshy land

1.1.9.5 Utilisation of created potential in KMIP

Against the targeted potential of 4,515 ha (CCA), the created potential of KMIP was 1,080 ha (CCA) up to March 2009. The Agriculture Department intimated (July

2009) that only a potential of 250 ha (23.15 *per cent*) could be utilised due to non-development of branch canals. Audit scrutiny however, revealed that there were delays in construction of the main canal due to non acquisition of land and the requisite approvals as brought out in the preceding paragraphs resulting in shortfall in creation of potential. The photograph below shows the undeveloped and damaged branch canal.

Undeveloped and damaged portions in Khowai Right Bank branch canal breaking the continuity in flow of water

1.1.10 Physical performance

During the period 2004-09, 343 MIS (320 LI, five high capacity LI, 17 diversion schemes and one rain water harvesting reservoir) were sanctioned under AIBP against which, 341 MIS were taken up for execution and the remaining two MIS[11] were dropped. Out of the implemented schemes, 270 were completed and 71 were in progress as of March 2009.

The Chief Engineer, PWD (WR) could not furnish information regarding year-wise and scheme-wise position of MIS to be implemented from funds other than AIBP due to non-maintenance of database/records. However, it was noticed from the sanction register maintained in the Works Section of the CE's office that 42 new DTW schemes were sanctioned during 2004-09 from sources other than AIBP, against which, eight schemes out of 27 taken up for execution were completed.

1.1.10.1 Target and achievement

(i) Schemes funded from AIBP

According to the guidelines of AIBP, MIS sanctioned by the GOI should be completed within a period of two years. During the last ten years, MIS taken up under AIBP and completed within the targeted period of two years are given in the table below:

[11] LI scheme at Ghasia over Dagducherra under Mandai Block and LI scheme at Chanditala (Banbazar) under Tulasikhar Block.

Table No. 1.1.4

(Area in ha)

Year of sanction	No. of MIS	Potential targeted	Scheduled date of completion	Number of schemes completed within targeted period (percentage)	Potential created (percentage)
1999-2000	330	13,527	March 2001	118	9,780
2000-01	134	6,474	March 2002	33	1,460
2001-02	80	3,201	March 2003	42	1,431
2002-03	220	7,966	March 2004	87	3,114
2003-04	No scheme was sanctioned during the year				
2004-05	No scheme was sanctioned during the year				
2005-06	174	7,632	March 2007	129	4,108
2006-07	80	2,953	March 2008	34	1,321
2007-08[12]	87	4,208	March 2009	39	1,096
2008-09[13]	-	-	-	-	-
Total	**1,105**	**45,961**		**482(44)**	**22,310(49)**

Source: Chief Engineer, PWD (WR)

The above table shows that the Department could complete 44 *per cent* of the schemes and achieve 49 *per cent* of the targeted potential within the scheduled period. The reasons for delay in completion of 25 selected MIS have been shown in the **Appendix 1.3.**

(ii) Schemes funded from sources other than AIBP

Implementation of schemes from sources other than AIBP funds is very meagre in the State. The year-wise status of implementation of ongoing schemes from non-AIBP funds during the last five years is as under:

Table No. 1.1.5

Year	Number of schemes taken up	Planned CCA (ha)	Estimated cost (Rs. in crore)	Status of completion	Potential created (ha)	Up to date expenditure (Rs. in crore)
As on 31.3.2004	1	1,950	40	Head work nearing completion and canal work is in progress	-	22.52
2004-05	10	217	1.48	8 completed and 2 in progress	110	1.01
2005-06	Nil	Nil	Nil	Nil	Nil	Nil
2006-07	39	819	7.01	1 completed and 30 in progress 8 not started	14.08	1.07
2007-08	12	284	1.77	Not started	-	-
2008-09	9	202	1.35	Not started	-	-
Total	**71**	**3,472**			**124.08**	

Source: Chief Engineer, PWD (WR)

Seventy out of seventy one ongoing schemes were Deep Tube Wells, of which the work of 29 could not be started as of July 2009, due to non-availability of suitable executing agency. Though the scheduled date of completion expired, the potential created from these ongoing schemes during the past five years was less than four *per cent* (124.08 ha out of 3,472 ha) of the projected potential. The biggest of the said projects (Muhuri Irrigation Project) taken up in March 2001 with a targeted potential of 1,950 ha is languishing mainly due to non availability of basic survey data, shifting

[12] The CE,PWD(WR) furnished (July 2009) provisional figure for the year.

[13] During 2008-09, 30 MIS under AIBP were yet to be sanctioned by the GOI, the scheduled date of completion of which does not fall within March 2009.

of barrage location, delay in providing power line to the work site, and delay in acquisition of land etc.

The Chief Engineer, PWD (WR) could not furnish information regarding scheme-wise and year-wise target and achievement of the MIS implemented from funds other than AIBP due to non-maintenance of database/records.

1.1.10.2 Reporting to GOI

One LI scheme at North Dabbari Panchayat (CCA 30 ha) under Executive Engineer, WR Division No. V, Kamalpur with an estimated cost of Rs.17 lakh and target date of completion of March 2007 was reported (November 2008) by the State PWD(WR) to the Ministry of Water Resources (MoWR), Government of India as completed during 2007-08, though the work of laying and distribution of pipe lines had not commenced as of July 2009.

The Government is yet to reply, though the matter was reported in December 2008 and again in August 2009.

1.1.10.3 Achievement of potential

Scrutiny of 48 selected MIS revealed that only 22 MIS were completed out of 38 scheduled to be completed as of March 2009. Out of 22 completed schemes, the achievement of irrigation potential of 17 schemes was below the targeted potential as detailed in Table No. 1.1.6.

Table No. 1.1.6

(In hectares)

Sl. No.	Name of MIS	Irrigation potential planned	Potential created as assessed by the PWD (WR)	Short achievement of potential *(in percentage)*	Reasons
1.	LI Scheme at Berimura Phase-II in Fatikcherra G/S	60	50	10 (17)	No reason was on record. Probability of incorrect estimation of planned potential can not be ruled out.
2.	LI Scheme at Noagaon Fatikcherra Phase-III	60	50	10 (17)	-do-
3.	LI Scheme at Noagaon Fatikcherra Phase-IV	60	50	10 (17)	-do-
4.	LI Scheme at Naprai Sardarpara from river Sonai	40	36	4 (10)	-do-
5.	LI Scheme at Tuisama (Chandul ADC) near Lailongbari J.B. School	35	30	5 (25)	-do-
6.	DTW Scheme at Rahimpur (Baramaidan)	20	15	5 (25)	Pipe line for full length not laid.
7.	LI Scheme at Purba Rangamati-II	22	20	2 (9)	Extension of pipe line required.
8.	LI Scheme at Chandrakiran para	25	20	5 (20)	Pipe line for full length not laid.
9.	LI Scheme at Bhagyamani Chakmapada from Gaburcherra Phase-II	35	16	19 (54)	Distribution system not done up to optimum limit.

Sl. No.	Name of MIS	Irrigation potential planned	Potential created as assessed by the PWD (WR)	Short achievement of potential *(in percentage)*	Reasons
10.	LI Scheme at West Lamboo	30	25	5 (17)	Extension of pipe line required.
11.	LI Scheme at South Masauli over river Manu	30	25	5 (17)	Pipe line for full length not laid.
12	DTW Scheme at Balugang Mekhliband	20	16	4 (20)	Damaged pipelines.
13	DTW Scheme at Brahman Puskarini	20	14	6 (30)	Inadequate pipelines.
14	DTW Scheme at Rangutia West	25	14	11 (44)	Damaged pipelines.
15	DTW Scheme at Muktarlunga para	20	15	5 (25)	Inadequate pipelines.
16	DTW Scheme Nirvoypur	20	10	10 (50)	Low discharge of water from the well.
17	DTW Scheme at Rupaichari near the house of Mangsajai Mog	20	15	5 (25)	Distribution pipe lines were not adequate.

Source: Divisional records and audit inspection.

Out of 17 MIS shown in the above table, 10 were under AIBP, five under Additional Central Assistance and two under NABARD loan fund. Field visit by audit revealed that although the schemes were completed, full benefits from these schemes could not be harnessed for reasons cited in the Table above.

1.1.10.4 Utilisation of created potential

Scrutiny of six[14] implementing divisions revealed that in the following 10 out of 22 completed schemes, there were gaps between the potential created as claimed by the PWD (WR) and potential being utilised as reported by the Agriculture Department which is shown in the table below:

Table No. 1.1.7

(In hectares)

Name of MIS	Potential created as assessed by the PWD (WR)	Potential utilised as reported by the Agriculture Department	Percentage of Shortfall	Reasons stated by the Agriculture Department
LI Scheme at Berimura Phase-II in Fatikcherra G/S	50	15	70	Insufficient water at the source
LI Scheme at Noagaon Fatikcherra Phase-III	50	25	50	-do-
LI Scheme at Noagaon Fatikcherra Phase-IV	50	15	70	-do-
LI Scheme at Kalibari-II over Lalcherra	40	15	63	Extension of pipe line needed
LI Scheme at Naprai Sarderpara at river Sonai	36	Nil	100	Theft of pump machine
DTW Scheme at Rahimpur (Baramaidan)	15	5	67	Damage of pipeline
LI Scheme at Chandrakiran para	20	12	40	Reasons not furnished
LI Scheme at Maithulong (Conv)	20	2.5	88	Damage of pipeline
LI Scheme at West Lamboo	25	20	20	Insufficient water at the source
LI Scheme at South Masauli over river Manu	25	10	60	Leakage of pipe line

Source: Divisional records.

[14] WR Division No. I, WR Division No. II, WR Division No. III, WR Division No. IV, WR Division No.V and WR Division No. VI.

The above table shows that the shortfall in utilisation of irrigation potential created in 10 out of the 22 completed schemes selected for audit ranged between 20 and 100 *per cent*. Out of 10, in four schemes[15] shortfall was attributed to insufficient water at the source. Scrutiny of the feasibility study reports of the schemes revealed that the reports did not specify the availability of water at source. The Government in exit conference (August 2009) stated that the utilisation of irrigation potential should be assessed on the basis of aggregate utilisation of potential by multiple cropping. However, it accepted that in some schemes physical construction of canals were yet to be completed.

1.1.10.5 Execution of schemes

Out of 22 completed MIS, 10 MIS were completed within the targeted period and the remaining 12 were completed after delays ranging from six months to one year. One MIS does not exist as detailed in paragraph 1.1.8.6.

The details of physical progress of the 25 incomplete schemes out of the selected 48 MIS are given in **Appendix 1.3.**

As can be seen from the details in **Appendix 1.3,** execution of 25 out of the selected 48 MIS was delayed for periods ranging from four to 72 months both due to lack of co-ordination with other departments/Tripura State Electricity Corporation Limited and delays within the Department.

1.1.11 Joint Inspection

(i) During joint visit of audit and departmental officials on 3 November 2008, it was noticed that 'LI Scheme at Bhagyamani Chakmapara from Gaburchhera phase-II under Hrishyamukh block' completed in January 2008 was not functioning due to defects in the electric transformer. The concerned Sub-Divisional Officer later intimated (December 2008) that the scheme had started functioning since 5 November 2008, after replacement of defective transformer *i.e.,* two days after the joint visit. During revisit by audit on 24 September 2009, the transformer was found to be functioning. However, the foot valve with suction pipe in the river was filled with sand, for which water could not be lifted through the suction pipe for past two months. The sand filled foot valve can be seen in the photograph below:

[15] Sl.No. 1, 2, 3 and 9 of table No.1.1.7.

Sand filled foot valve at Bhagyamani Chakmapara LI Scheme

(ii) 'LI scheme of Nutanpally-1 from Kalapaniacherra under Satchand Block' was taken up under AIBP during 2006-07, to be completed by March 2008. During a joint visit (June 2009), it was seen that the scheme was yet to be completed. Although the pump house was completed, pump sets were not installed in the pump house and suction pipe from intake point of the source was not laid.

The pipe laying in the command area was partially completed for 1,072 metres out of 2,746 metres. Energisation of the scheme was not done and the electric transformer erected by the TSECL along with two poles had collapsed as depicted in the photograph below. The transformer though erected again was not energised. The scheme is yet to be operational as of June 2009.

Photograph showing the collapsed pole and reinstalled transformer without energisation

(iii) During joint visit (June 2009) of 'DTW scheme at Rahimpur (Baramaidan) under Boxanagar Block' completed in March 2009 with created potential of 15 ha it was found that few pipe lines of length about 450 metres out of 2,275 metres were missing at different points. Handing over of the scheme to the Panchayat was pending. In absence of regular operator, the scheme was functioning by engaging pump operator from other scheme on emergent basis. One farmer expressed grievance for not forming water user committee and also not distributing the water to irrigate the fields properly.

(iv) The DTW scheme at Nirvoypur completed in April 2007, originally estimated to discharge 7,500 GPH, was found to have a discharge capacity of only 4,000 GPH after commissioning. After reassessment the scheme was expected to cover only 10 ha instead of covering 20 ha as estimated originally. Besides, the distribution pipe lines and hydrants were also not laid.

Photograph showing low discharge of water in Nirvoypur DTW scheme

During joint visit (October 2009) it was observed that the discharge was significantly low and was able to cover only 5 ha as can also be seen from the above photograph.

1.1.12 Quality Assurance

For quality control, the CPWD manual provides for a chain of properly equipped testing laboratories at different levels *viz.* (i) field testing laboratories under the control of the Executive Engineers at division levels, (ii) testing laboratories at circle level under the control of the Superintending Engineers and (iii) Central laboratory at State level. Further, guidelines of AIBP also envisaged that the State Government shall ensure required quality control in the execution of works. However, it was noticed that field testing laboratories at division level or testing laboratories at circle level had not been set up.

Test-check revealed that out of 48 selected MIS, only in one MIS "High capacity LI scheme at Rabindranagar" cement concrete cubes were tested for twelve samples between January 2006 and March 2009 in the departmental laboratory at Agartala. While no adverse report was found, no documents in support of material test, compaction test, sand test etc. could be furnished to audit.

1.1.13 Operation and maintenance

As per the guidelines issued by the State Government (July 2000), the Minor Irrigation Schemes are to be handed over to the concerned Panchayat/ Block Advisory Committee (BAC) after completion and all maintenance and repair works except major repairs (like changing of pump and motors, extension of pipe lines) are to be done by the Panchayat/ BAC. For this purpose, an amount of Rs. 50 per *Kani*[16] per crop was to be collected from the users for meeting the operation and maintenance cost.

Scrutiny of the implementing divisions revealed that maintenance and repair works of all completed schemes under the divisions were done by the PWD (WR) in violation of the above guidelines. 21 out of 48 selected schemes were handed over to the Panchayat/BAC. Interaction with the villagers/farmers during joint visit of the four[17] handed over schemes revealed that after construction of the schemes, the farmers felt benefited but expressed their concern about regular maintenance and repairs of the schemes. As the Panchayats were not in a position to undertake such maintenance/repair works due to paucity of funds and technical know how, the PWD (WR) had to carry out the petty repairing and maintenance works, which normally took time. Due to such time gap in taking up the repairs and maintenance work, it was observed in audit that the operations of the schemes were frequently hampered.

1.1.14 Monitoring and Evaluation

1.1.14.1 Monitoring

The guidelines of AIBP envisaged that monitoring of the MIS has to be done by the State Government through agencies independent of the construction agencies. Test-check of records revealed that no such independent agency has been engaged by the Department for monitoring the MIS.

The Chief Engineer stated (July 2009) that the MIS were monitored by one Superintending Engineer independently within the Department. This claim could not however, be confirmed in audit due to absence of supporting documents.

1.1.14.2 Assessment of irrigation potential

The National Remote Sensing Agency (NRSA), Hyderabad, was assigned by the MoWR/Planning Commission to map irrigation infrastructure of Khowai and Gumti Irrigation projects by use of high resolution Carto Satellite data. For this purpose, prescribed draft project-wise field/office data was required to be supplied to the NRSA by the Department to carry out the remote sensing work. The Department furnished the data to the NRSA after a lapse of 21 months (August 2008) after being informed by the GOI (November 2006).

The Department furnished (October 2008) some further information to the NRSA regarding irrigation potential created, length of the irrigation canals etc. in which Annual Irrigable Area (AIA) of the KMIP was stated as 9,933 ha (upto November 2008). The NRSA requested (December 2008) the Department to clarify the reasons why the potential created (9,933 ha) had exceeded the targeted potential (9,320) of the

[16] 1 Kani = 0.16 hectare.
[17] LI schemes at Berimura phase II in Fatikcherra G/S, Noagaon Fatikcherra phase III, Noagaon Fatikcherra phase IV, Noabaripara over Maharanicherra.

KMIP, whereas many of the structures were still in progress. No clarifications were furnished by the Department to the NRSA as of July 2009. Further, in regard to Gumti Medium Irrigation Project, the Central Water Commission requested (March 2009) the Department to examine and communicate comments on the difference in irrigation potential created as reported by the State Government to the CWC with that revealed by satellite imagery carried out by the National Remote Sensing Agency. The Department was yet to communicate comments to the Central Water Commission as of July 2009.

1.1.14.3 Statistical Cell

State Government created (February 2001) a Statistical Cell headed by an Executive Engineer under the direct control of the Chief Engineer with cent *per cent* Central assistance under Centrally Sponsored Scheme 'Rationalisation of Minor Irrigation Statistics'. One of the main tasks of the Cell was to co-ordinate collection and compilation of statistics relating to minor irrigation schemes. Information regarding year-wise and scheme-wise target and achievement, up to date progress etc. for minor irrigation schemes implemented from sources other than Accelerated Irrigation Benefit Programme has not been maintained by the Cell.

1.1.15 Conclusion

The envisaged benefits of irrigation schemes could not be achieved due to inherent defects in planning, delays in acquisition of land and clearance from forest authorities. Irrigation potential of only 10,466 hectares was created during 2004-09 against the target of 24,742 hectares. Further, even the potential created could not be utilised due to insufficient water at the source, non-laying of pipes to the full extent to cater to the targeted beneficiaries. The Department has not evolved an adequate monitoring mechanism to speed up the completion of ongoing schemes and evaluate the outcome of the completed schemes.

1.1.16 Recommendations

- The schemes should be planned in their entirety in advance, so as to address the complex and sensitive issue of land acquisition.
- The Department should carry out Benefit Cost Ratio and prepare Detailed Project Reports in respect of all the projects before taking up irrigation schemes.
- The Department should enforce a strict implementation schedule for all the schemes and fix responsibility for delays.
- The Department should maintain a central database of all the schemes to enable effective monitoring and follow up.
- Reasons for shortfall in achievement of planned potential and under-utilisation of created potential should be reviewed and necessary corrective measures taken.

EDUCATION (HIGHER) DEPARTMENT

1.2 Functioning of Education (Higher) Department

The Education (Higher) Department is responsible for providing higher education to the youth in the State, in order to equip them with adequate skills for furthering their chances of success in the competitive environment ahead. A performance audit on the functioning of the Department brought out the absence of an appropriate planning process in the Department. The Department does not have vital data from the educational institutions to plan its activities effectively. This, coupled with shortage of teaching staff and absence of monitoring mechanism affected the objective of the Department of providing quality education to the students.

Planning process was devoid of basic statistical inputs, since there was no mechanism for collection of relevant information from the educational institutions.

(Paragraph 1.2.7.3)

During 2004-09, while Rs. 63 crore were released by GOI against 11 projects under Additional Central Assistance and four projects under Non-Lapsable Central Pool of Resources (NLCPR), the State Government released Rs.42.86 crore to the implementing agencies, of which, only Rs.18.40 crore were spent by the Department.

The Department does not have any mechanism to monitor the physical and financial progress of the projects.

(Paragraph 1.2.9.2)

The Department had an overall shortage of 807 posts in 45 categories, of which, 328 were teaching posts. Though, the Annual Action Plans (2007-10) projected recruitment of 646 staff during the review period, only 301 staff (47 *per cent*) were recruited as of June 2009.

(Paragraph 1.2.11)

Against University Grants Commission prescribed norm of 1:20 teacher-student ratio in General Colleges, the teacher-student ratio was 1:63 in the State as of September 2008.

(Paragraph 1.2.11.1)

1.2.1 Introduction

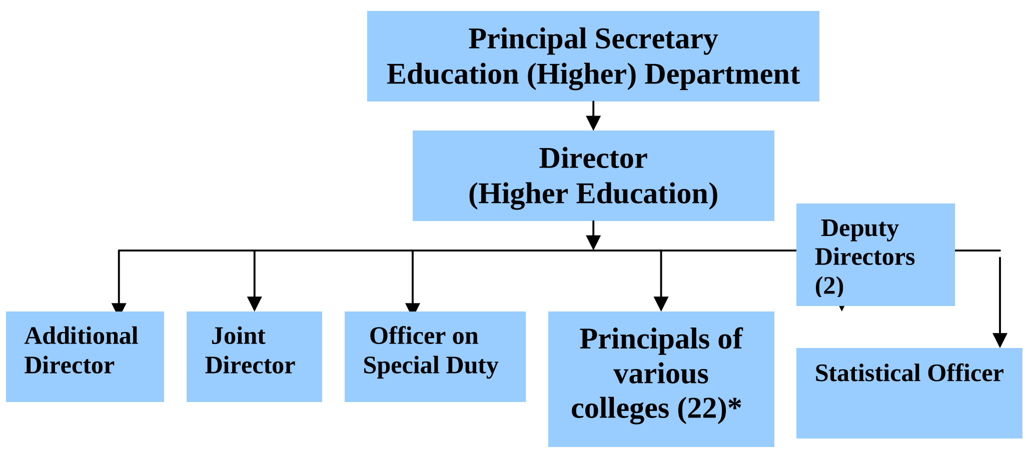
The Education (Higher) Department is responsible for providing higher education both general and technical to equip the youth with adequate skill to earn decent livelihood. As per Census 2001, the State has a literacy rate of 73 *per cent* (Male: 81 *per cent* and Female: 65 *per cent)*.

The institutions imparting higher education in the State include 15 General Degree Colleges, three Technical, one Law, one Music, one Arts and Crafts and one Institute of Advanced Studies in Education. Besides, one National Institute of Technology (NIT), two Medical Colleges, two Institutions for various professional courses (Institute of Chartered Financial Analysts of India and Bhavans' College) also cater to the higher education needs of the State although these are not under the administrative control of the Education (Higher) Department. The combined intake capacity in general and technical education (19,613 in 2008-09) was more than the number of students passing out at the Higher Secondary (HS) level (12,084 in 2008-09) from the State Board. However, a sizeable number of students (about 13 *per cent* of students passing HS + 2 from the State Board on an average) had migrated outside the State in pursuit of higher education during the period under review. The number would be larger, if students passing out from CBSE and ICSE courses are also considered.

1.2.2 Organisational Set-up

The Department is headed by a Principal Secretary, who is the administrative head. He is assisted by the Director of Higher Education (DHE) who is responsible for the implementation of the policies of the Government relating to higher education. An organogram of the Department is shown below:

Chart No. 1.2.1



* Maharaja Bir Bikram College, Bir Bikram Memorial College, Womens' College, Ramthakur College, Kabi Nazrul Mahavidyalaya, Netaji Subhash Mahavidyalaya, GDC, Belonia , Michael Madhusudhan Dutta College, GDC, Amarpur, Dasarath Deb Memorial College, Khowai, GDC, Kamalpur, Ambedkar College, GDC, Dharmanagar, Ram Krishna Mahavidyalaya, Kailashahar, Khumlwng College, Tripura Institute of Technology (Degree), Tripura Institute of Technology (Diploma), Womens' Polytechnic College, Tripura Government Law College, Music College, College of Arts and Crafts, Institute of Advanced Studies in Education.

1.2.3 Scope of Audit

The review covered the functioning of the Department during 2004-09. Out of 28 auditable units, 13[1] units consisting of 10 colleges, Government Museum, State Central Library and the Directorate of Higher Education with an expenditure of

[1] (i) Directorate of Higher Education and State Archive, (ii) MBB College, (iii) Ramthakur College, (iv) GD College, Belonia, (v) MMD College, Sabroom, (vi) GD College, Dharmanagar, (vii) Ramkrishna Mahavidyalaya, Kailashahar (viii) KNM College, Sonamura (ix) DDM College, Khowai (x) College of Arts and Crafts, (xi) Music College, (xii) Government Museum, and (xiii) Birchandra State Central Library.

Rs.87.78 crore (representing over 42 *per cent* of total expenditure during 2004-09) were selected for detailed scrutiny. The review was conducted during April-June 2009 through a test-check of records of the selected units.

1.2.4 Audit Objectives

The audit objectives were to assess the effectiveness of the functioning of the Department on the following parameters:

- Planning
- Budgetary and financial management
- Programme implementation
- Human resource management
- Monitoring.

1.2.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- Perspective plan and annual action plan
- Departmental policies/rules and regulations
- Government notifications/guidelines
- General Financial Rules
- Central Treasury Rules
- Prescribed monitoring mechanism.

1.2.6 Audit Methodology

An entry conference was held on 8 May 2009 with the Principal Secretary, Education Department wherein audit objectives, scope and criteria were explained. Test-check of records of the Directorate of Higher Education, selected Colleges, Libraries etc. was conducted with reference to the audit objectives and criteria. Information collected from the Department, observations during site visits and replies to questionnaires form the basis of audit evidence and audit findings.

Exit conference was held on 8 September 2009 with the Principal Secretary and the results of discussion have been suitably incorporated in the report at appropriate places.

1.2.7 Planning

1.2.7.1 Perspective Plan

In order to develop human resources at the post school stage and enable the youth to acquire necessary skills to exploit the available opportunities both inside and outside the State, the Department formulated a Perspective Plan (2008-13), which envisaged the following:

- Setting up colleges in those Sub-Divisions, which do not have one but require a college based on the aspiring student strength
- Extension of technical education and Polytechnic institutes in a phased manner
- Strengthening and expansion of infrastructure of all Institutions from primary to college levels
- Extending the scope/availability of technical education by setting up advanced technical institutes with Public Private Partnership (PPP)
- Strengthening and expansion of training infrastructure and inter linking educational curricula with teaching system and training of teachers
- Making the training relevant to present day needs by constant evaluation.

The above activities were contemplated to be achieved on the basis of the following three pronged approaches:

(i) Facilitating students to pursue higher education outside the State

(ii) Augmenting the existing facilities in the Government sector for imparting higher education and

(iii) Promoting private entrepreneurs for setting up institutions in the State.

The details of implementation of the Perspective Plan are discussed in the succeeding paragraphs.

1.2.7.2 Enrolment in higher education

In keeping with the increasing HS+2 passout students in the State, the Department had emphasised in the Action Plans 2007-09 to increase intake capacity of existing Degree Colleges of the State at least by 10 *per cent* per annum and making provision for development of infrastructure. The overall enrolment of students in higher education during 2004-09 is as follows:

Table No. 1.2.1

Year	No. of students passed HS+2 stage	Total intake capacity in the degree colleges	Total no. of students enrolled in the Degree colleges in the State *(percentage of students enrolled vis-a-vis the intake capacity)*	Total no. of students enrolled for 13[2] professional courses outside the State through Tripura Joint Entrance Exam. (TJEE)
2004-05	8,567	NA	8109	107
2005-06	8,917	18,291	8,877 (49)	96
2006-07	10,101	18,957	9,054 (48)	102
2007-08	11,421	19,097	9,752 (51)	124
2008-09	12,084	19,613	13,243 (68)	126

Source: Departmental figures.

The average per year increase in enrolment of students in the State Degree Colleges (after HS + 2 stage) during 2005-06 to 2007-08 ranged from 2 *per cent* to 9 *per cent*

[2] MBBS, BDS, B.Pharma, BAMS, BHMS, B.Sc (Nursing), B.Sc (MLT), B.Sc (Horti), B.Sc (Agri), BFSc, BVSc, B.Sc (Home Sc) and B. Tech (Agri).

of the previous year, which suddenly shot up to 36 *per cent* during 2008-09. On the other hand, the capacity utilisation ranged between 48 *per cent* and 68 *per cent* only. Besides, 1,096 to 1,762 students had taken Migration Certificates from the Tripura Board of Secondary Education (TBSE) for availing higher education outside the State.

In the absence of basic data on age-wise population, the actual trend of enrolment compared to the eligible population could not be worked out.

1.2.7.3 Statistical inputs

In order to prepare an effective Annual Action Plan for development of higher education in the State, collection and documentation of year-wise and age-wise (18-24) disaggregated data of eligible students for higher education is an essential pre-requisite. Some vital indices like Gross Enrolment Ratio (GER), Gender Parity Index (GPI) and other critical indicators of the State are derived from these inputs, based on which, the Department was supposed to formulate action plan for addressing the needs of the targeted section.

During test-check it was noticed that there was no periodic system of collection of relevant information from the educational institutions in a systematic manner. A statistical cell, though exists, was not effective as the cell is yet to tabulate even GER, GPI of the State. An analysis of eight test-checked colleges[3] revealed that the colleges were maintaining data only for boys-girls ratio. In the absence of relevant and updated data, the planning process to formulate Action Plans was devoid of basic statistical inputs.

It was, however, noticed from the abstracts of Educational Statistics published by the Ministry of Human Resource Development, Government of India that the percentage of GER for higher education in the State ranged from 6.16 *per cent* to 6.83 *per cent* during the period from 2004-05 to 2006-07 as against National average of 11.30 *per cent* during the corresponding period.

In the conference of State Education Ministers, held at New Delhi on 10-11 April 2007, it was agreed to make special effort to raise GER for Higher Education up to the National average with suitable assistance from the Central Government. The Department neither formulated action plan to achieve this agreed objective nor did incorporate any policy in the Annual Action Plans of 2007-09. Consequently, no Special Central Assistance for enhancing the rate of GER for higher education in the State could be availed till date (June 2009).

During exit conference (September 2009), the Government accepted the need for improvement in the functioning of the Statistical Cell and assured that the Cell would be revamped.

[3] (i) MBB College, (ii) Ramthakur College, (iii) GD College, Belonia, (iv) MMD College, Sabroom, (v) GD College, Dharmanagar, (vi) Ramkrishna Mahavidyalaya, Kailashahar (vii) KNM College, Sonamura (viii) DDM College, Khowai.

1.2.8 Financial Management

1.2.8.1 Allocation of funds

An analysis of funds released and actual expenditure incurred during 2004-09 revealed that while the expenditure on higher education accounted for 5.04 *per cent* of the total expenditure on Social sector during 2005-06 it declined to 2.74 *per cent* during 2008-09 as detailed in Table 1.2.2 below:

Table No. 1.2.2

(Rupees in crore)

Year	Expenditure on Social Services	Expenditure on Education Sector	Expenditure on Higher Education	Percentage of expenditure on Higher Education to Social Services
2004-05	1,009.94	595.68	43.33	4.29
2005-06	1,029.11	506.21	51.88	5.04
2006-07	1,099.45	523.36	33.25	3.02
2007-08	1,277.14	579.69	34.08	2.67
2008-09	1,541.61	648.46	42.20	2.74

Source: Finance Accounts

The Government had no target for allocation of funds for higher education with reference to its total allocation on Social Services.

During exit conference (September 2009) the Government stated that though no specific target was fixed for investment in higher education, there was substantial increase in the recent past. However, the above table do not corroborate with the statement. The Principal Secretary also asserted that as the State is largely dependent on Central grants, it is difficult to plan in advance.

1.2.8.2 Budgeting

Finance Department (FD) fixes the upper limit of the probable outlay in respect of each department in advance. During the period under review (2004-09), the Education (Higher) Department prepared its budget proposals in consultation with the Planning and Coordination Department without obtaining any documented inputs from field units. In the absence of documentation, examination of budget to fulfill long term requirements of individual Institution could not be ascertained.

The budgetary allocation for the Department under Grant No. 39 during the last five years ranged between Rs.34.27 crore and Rs.39.42 crore under Revenue Account and Rs.8.72 crore and Rs.22.36 crore under Capital Account as detailed in Table 1.2.3.

Table No. 1.2.3

(Rupees in crore)

Year	Budget			Expenditure		
	Revenue	Capital	Total	Revenue	Capital	Total
2004-05	34.27	17.58	51.85	32.14 (93.78)	11.19 (63.65)	43.33 (83.57)
2005-06	36.22	19.37	55.59	32.47 (89.65)	19.41 (100.21)	51.88 (93.33)
2006-07	37.24	8.72	45.96	29.99 (80.53)	3.26 (37.39)	33.25 (72.35)
2007-08	36.65	17.76	54.41	30.24 (82.51)	3.84 (21.62)	34.08 (62.64)
2008-09	39.42	22.36	61.78	35.81 (90.84)	6.39 (28.58)	42.20 (68.30)
Total	**183.80**	**85.79**	**269.59**	**160.65**	**44.09**	**204.74**

Source: Appropriation Accounts

Figures in bracket indicate percentage of expenditure with reference to budget.

During the years 2004-09, there were savings in both 'Revenue' and 'Capital' Account. Persistent savings in Capital account ranged between 36 and 78 *per cent* (except in 2005-06) mostly due to non-release of funds by the State Finance Department for the projects approved under ACA and NLCPR as discussed in the succeeding paragraphs.

Supplementary provisions mainly for payment of stipend, scholarship, training and construction works were made even though the actual expenditure did not exceed the original provisions (except in 2005-06 and 2007-08 on Capital Account).

1.2.8.3 Expenditure Control Register

Based on the Budget allocation, funds were allocated to the respective Drawing and Disbursing Officers (DDOs) on quarterly basis. A prudent financial management requires that the subsequent releases are based on the actual utilisation of funds. Although monthly expenditure reports were received from the Drawing and Disbursing Officers, Control Register (Sub-Head wise) for each DDO was not maintained at the Directorate to watch the flow of expenditure resulting in lack of control over the overall as well as unit-wise expenditure which in turn left the budgeting process totally unmonitored.

1.2.8.4 Maintenance of Cash Book

In violation of the provisions of Treasury Rules, in all the 13 units test-checked, neither the monthly physical verification of cash nor the prescribed quarterly surprise check of cash balance was conducted while in 12 out of them (except KNM College, Sonamura) the entries in the Cash Book were not duly attested by the DDOs. None of the units had also carried out regular monthly reconciliation with the Treasury/Bank during 2004-09.

Non-adherence to the prescribed financial rules and procedures weakened the overall financial management in the Department and also made the system vulnerable to malpractices. The Government in the exit conference (September 2009) assured to enforce strict compliance with the extant rules.

1.2.9 Project implementation

1.2.9.1 Setting up of Colleges

In order to have at least one General Degree College in each Sub-Division, the Perspective Plan (2008-13) envisaged setting up of 6 new General Degree Colleges (4 during 2008-10 and 2 during 2010-13). As of September 2009, no new college was set up. The Government stated in the exit conference (September 2009) that setting up of 6 new degree colleges and 3 polytechnic institutions are in the pipeline.

1.2.9.2 Infrastructure Development

During the years 2004-09, 11 projects under Additional Central Assistance (ACA) for Rs.58.90 crore and four projects under Non-Lapsable Central Pool of Resources (NLCPR) for Rs.47.58 crore were sanctioned by the GOI for undertaking new construction works as well as for strengthening the existing infrastructure of the institutions of Education (Higher) Department in the State.

The Finance Department did not release Rs.10.79 crore (24 *per cent*) against the funds of Rs.45.82 crore released by GOI under ACA and Rs.9.25 crore (54 *per cent*) against the fund of Rs.17.18 crore released by GOI under NLCPR till June 2009. Further, utilisation certificates for only Rs.11.23 crore and Rs.3.18 crore out of Rs.45.82 crore and Rs.17.18 crore respectively had been submitted by the State Government under ACA and NLCPR as of June 2009.

Test-check of records revealed that:

(i) Rupees five crore released by the Finance Department in October 2007 for construction of Academic wing of Bir Bikram Memorial College, Agartala was not transferred to the construction Agency (THCB[4]) by the Directorate. Instead, the amount (Rs. 5 crore) was invested in term deposit at State Co-operative Bank and the interest earned (Rs. 35.44 lakh) was deposited in Government account in May 2009.

Site for Academic Wing of Bir Bikram Memorial College

The funds were transferred to the THCB in two spells, in July 2008 (Rs.50 lakh) and March 2009 (Rs.4.50 crore), out of which, an amount of Rs. 75 lakh (15 *per cent*) was spent by THCB as of June 2009 resulting in delay of 21 months as of June 2009 since receipt of the funds. The college was yet to be completed (September 2009) as portrayed in the photograph above.

(ii) During July 2005 to August 2008 Rs.5.25 crore of NLCPR funds were placed with Bhavan's Tripura College authority (a private college) for construction of a College of Science and Technology. The entire funds were placed with the private college without specifying any terms and conditions. In view of allegations of mismanagement of the funds, the Government constituted a committee (February 2009) of State PWD Engineers to conduct physical inspection without specifying any time frame for reporting. Till date (June 2009) the physical inspection report has not been received by the Department. Besides, Rs.3.53 crore has been reported to have been spent up to March 2008 and utilisation certificates for Rs.3.18 crore have been

[4] Tripura Housing and Construction Board.

submitted to MoDONER by the State in March 2008. The incomplete building as of September 2009 can be seen in the photograph below:

View of the incomplete building of Bhavan's Tripura College

(iii) For development of infrastructure in Tripura Engineering College (now NIT) Rs.12.24 crore was approved under NLCPR and Rs.2.68 crore was released (December 2006) by the GOI. The project is scheduled to be completed by 2010. The entire amount was released by the State Government to the College authority who in turn placed Rs.2.28 crore with the THCB in 2006-07. The THCB took up the work and sought (January 2008) additional amount of Rs.6.22 crore being the total value of work (Rs.8.50 crore) taken up as of January 2008. No further development on physical progress of work or transfer of funds could be made available to audit as of June 2009. Though the project was taken up in 2006-07, the Department could not furnish to audit the present status of the work. In the meantime, the institution has been converted into a National Institute of Technology.

The Department did not maintain any record of major and minor works with project-wise details of Implementing Agency, date of commencement, scheduled date of completion and other terms and conditions governing the execution of work, present status of work and expected date of completion. No mechanism exists to monitor the physical and financial progress of the funds received for various infrastructure projects. The relevant copies of the project proposals, cost estimates, copies of agreements with the executing agency could not be produced to audit even on specific requisitions followed by reminder.

The Government in the exit conference (September 2009) stated that though documentation was not done properly, capital works are monitored regularly and that a monitoring cell has been set up in the Directorate recently.

1.2.9.3 Hostel Building of Belonia Degree College

Construction of a 100 bedded boys hostel building attached to Degree College, Belonia was completed (January 2006) at a cost of rupees one crore and handed over to the college in February 2006. As of June 2009, the building remained unutilised although furniture and utensils were procured for rupees nine lakh and two cook-cum-masalchis were posted in January 2009. Thus, the 1,724 students (Enrolment year 2007-08), belonging to interior areas were denied the facility of a hostel. Out of 1,724 students enrolled during 2007-08, 522 students belong to SC/ST community.

In the exit conference (September 2009), the Government attributed the delay to the posting of the required staff to run the hostel as the main reason. It was informed that some posts had been recently created and the hostel was likely to start soon.

1.2.9.4 Government Music College, Agartala

Scrutiny revealed that due to acute shortage of key personnel like Astt. Professor (6), Instructor (17) and Accompanist (9), adequate practical classes were not conducted during 2004-09.

According to Tripura University norm, 504 practical classes were to be conducted every year. The college authority could not furnish the actual number of classes conducted during 2004-09, despite specific requisition from audit.

The number of practical classes actually conducted during 2004-08 was worked out by audit from the available attendance registers as shown in the table below:

Table No. 1.2.4

Category of Classes	No. of practical classes conducted during				
	2004	2005	2006	2007	2008
1st year (Classical, Vocal)	Attendance Register not available	53	33	Attendance Register not available	Attendance Register not available
2nd year (Classical, Vocal)	-do-	6	Attendance Register not available	24	33
3rd year (Classical, Vocal)	-do-	Attendance Register not available	8	11	89

Source: Attendance Registers of Tripura Government Music College.

The Government stated in the exit conference (September 2009) that due to non-availability of National Eligibility Test (NET)/State Level Eligibility Test (SLET) qualified candidates in the State, efforts to fill up the vacant posts of Asstt. Professors in UGC scale through Tripura Public Service Commission (TPSC) could not materialise.

1.2.9.5 Maintenance of the State Archives

The State Archives (inaugurated in January 2000) is responsible for preserving the physical integrity and security of original files and records of the State to facilitate their use by researchers/information seekers. The State Archive is managed by an Archivist with the assistance of one Upper Division Clerk, one Lower Division Clerk and one Group D staff (all of them were deployed on deputation), besides three casual workers.

A critical element of an Archive is a conservation unit for scientific storage and proper up-keep of the records. As of June 2009, the State Archive, temporarily housed in Bir Bikram Memorial College, Agartala does not have any such unit. The Department had neither appointed a Chemist nor provided the requisite chemicals and equipment to the unit. Besides, the post of an Assistant Archivist remained vacant since its creation in June 2003. Thus, valuable records in the State Archives were not scientifically maintained thereby exposing them to the risk of damage.

The Department is also yet to computerise all the archived documents for making them available on website for use of researchers/information seekers, despite the decision to this effect in the 42nd meeting of National Committee of Archivists (NCA) held at Dehradun in June 2006. Scrutiny revealed that the Government had been apprised of the need to improve the state of affairs since October 2004. However, no concrete action has been taken till date (June 2009).

1.2.10 Public Libraries

In the network of public libraries in the State, consisting of 24 public libraries functioning at District and Panchayat levels, Bir Chandra State Central Library (BCSCL) is the controlling Library. As the Department has not yet evolved any norms for assessing the requirement of staff for each category of library, the availability of staff vis-à-vis the actual requirement for proper functioning of the public libraries in the State could not be verified in audit.

Scrutiny, however, revealed that there was a shortage of 26 Librarians (67 *per cent*), 57 Library Assistants (81 *per cent*) and 73 Sorters (80 *per cent*) with reference to sanctioned posts of 39, 70 and 91 respectively. Library-wise break up of sanctioned strength has not been worked out by the Department. Thirteen out of the 24 public libraries did not have a Librarian, 15 did not have an Asstt. Librarian and 13 libraries did not have a Sorter. Two out of the 24 libraries did not have any personnel.

In the absence of category-wise requirement of key library personnel against each library, the actual shortfall could not be quantified. However, two libraries were operated without any key library personnel. The Government in the exit conference stated (September 2009) that the gap in the librarians had already been addressed by recruitment of 24 librarians and as for sorters, the revision of Recruitment Rules was being contemplated.

1.2.10.1 Purchase of Library Books

During the period 2004-09, 1.54 lakh books were purchased at a cost of Rs.1.64 crore under Raja Ram Mohan Roy Library Foundation (RRRLF) Fund and 0.32 lakh books at a cost of Rs.13 lakh under Eleventh Finance Commission Grant.

It was seen that entering details of stock of 1.86 lakh (1.54 + 0.32) books in the Central Stock Register of Bir Chandra State Central Library (BCSCL) and their subsequent distribution to all other sister libraries of the State were executed by engaging daily rated workers while, other essential technical work (i.e. classification, cataloguing etc.) were done by regular Library employees.

Scrutiny revealed that no record of the completion of classification and cataloguing required to be performed by each field libraries were maintained. Despite audit request, the Bir Chandra State Central Library authority was not in a position to state the total number of books fully classified, catalogued and ready for issue to readers during 2004-09.

1.2.11 Human Resources

There was no evidence of scientific assessment of manpower in the Department. Records of the Department indicated that as of May 2009, there was an overall shortage of 807 staff (sanctioned strength: 2,211; Men-in-position: 1,404) in 45 categories, of which, 328 were teaching posts.

It was noticed that while the Annual Action Plans (2007-10) for development of Higher Education in Tripura had projected recruitment of 646 staff[5] during the planned period, 301 staff[6] (47 *per cent*) were recruited as of June 2009.

The Government in the exit conference (September 2009), attributed the shortage of the required manpower in General and in Music College and also in the State Archives to the non-availability of eligible candidates. It was stated that attempts were made to fill up the vacancies by conducting interviews in New Delhi and Kolkata recently. Besides, necessary revision in the Recruitment Rules was stated to be in progress to enable filling up of the vacancies.

1.2.11.1 Teacher-Student ratio

The University Grants Commission (UGC) has prescribed a norm of 1:20 for teacher-student ratio in General Colleges. As of September 2008, the total number of students enrolled in 15 Government Colleges imparting general courses in Science, Commerce and Arts curriculum at graduation level was 25,960 (1st year: 12,950; 2nd year: 8,553; 3rd year: 4,457). The number of teachers in position was only 415 (against the sanctioned strength of 661) indicating a teacher-student ratio of 1:63 in the State. The Department stated (May 2009) that it had started the process of filling up 246 vacant posts.

1.2.12 Post Matric Scholarship

During 2004-09, the SC/ST and OBC Welfare Departments placed Rs. 6.19 crore under the Post Matric Scholarship Scheme (CSS) with the DHE, for providing financial assistance to the SC, ST and OBC students studying in Tripura University and outside the State. Out of these funds, Rs.43 lakh was surrendered by DHE after allocating Rs.5.76 crore to different institutions for disbursement. As per the records

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[5] Asstt. Professor: 360; Lecturer: 33; PTCT: 89; Non-teaching technical staff: 19; Laboratory Assistant: 52; Other Group 'C' Staff: 93.

[6] Asstt. Professor: 163; Lecturer: 13; PTCT: 25; Non-teaching technical staff: 15; Laboratory Assistant: 52; Other Group 'C' Staff: 33.

of DHE, 6,536 students (3,220 SC & OBC and 3,316 ST) benefited during 2004-09 under the scheme as shown below:

Table No. 1.2.5

Year	Fund released by (Rs. in lakh)			No. of students benefited under the scheme		
	SC & OBC Department	ST W Department	Total fund available	SC & OBC Department	ST W Department	Total
2004-05	94.86	6.67	101.53	686	362	1,048
2005-06	88.56	27.92	116.48	539	832	1,371
2006-07	97.00	15.07	112.07	512	627	1,139
2007-08	76.01	28.79	104.80	581	712	1,293
2008-09	156.79	27.00	183.79	902	783	1,685
Total	**513.22**	**105.45**	**618.67**	**3220**	**3316**	**6,536**

Source: Departmental Figures.

The Department did not maintain any consolidated record of total number of eligible SC, OBC and ST students studying in Tripura University and outside the State. Neither the Education (Higher) Department nor the SC&OBC Welfare and ST Welfare Departments maintain a database of the students eligible for scholarship. In the absence of such a database, the quantum of funds required could not be ascertained. As a result, there were persistent surrenders during 2004-09. Scrutiny of records disclosed that as of June 2009, an amount of Rs. five lakh (Rs.0.71 lakh pertaining to the period 2000-04) being undisbursed stipend amount was lying in the cash of the Director of Higher Education. In November 2007, the Tripura University refunded undisbursed stipend amount of Rs.5.47 lakh (pertaining to the period from April 2002 to May 2007) to DHE. The SC & OBC and ST Welfare Departments has been placing the funds with the Education Department every year without ascertaining the actual number of eligible students. Besides, no reconciliation takes place between the sanctioning and disbursing authorities. Hence, the veracity of the disbursements claimed by the Department could not be vouched in audit.

1.2.12.1 North Eastern Council Fund

Under the scheme of financial support to the students of North Eastern Region for Higher Education in Courses like MBBS, BDS, B-Tech, B.E, B.Sc-Agri etc., an amount of Rs.1.80 crore was released by the North Eastern Council during the years 2004-09 and the entire amount was utilised by the DHE for extending benefit to students ranging from 207 to 945 during that period as detailed below:

Table No. 1.2.6

Year	Fund released by NEC (Rs. in lakh)	Fund utilised by DHE (Rs. in lakh)	No. of students benefited under the scheme in			
			Diploma	Degree	PG level	Total
2004-05	15.00	15.00	20	174	13	207
2005-06	31.50	31.50	29	312	29	370
2006-07	22.50	22.50	17	189	16	222
2007-08	35.49	35.49	7	327	60	394
2008-09	76.00	76.00	124	752	69	945
Total	**180.49**	**180.49**	**197**	**1,754**	**187**	**2,138**

Source: Departmental records

In the absence of any consolidated data with year-wise status of each student eligible to benefit under the scheme, audit could not ascertain whether stipend was provided to all the eligible students on regular basis.

In the exit conference (September 2009), the Government stated that irregular fund flow from NEC had hindered the normal distribution of stipend on a regular and sustainable basis.

1.2.13 Technical Education under Public Private Partnership (PPP)

Keeping in view the resources required for development of infrastructure and posting of requisite number of qualified teachers for various disciplines, private universities were encouraged for meeting the emerging demands in higher education in the State. Presently, logistic support has been accorded to the Institute of Chartered Financial Analysts of India (ICFAI) University which has started functioning in the State and providing education in Management, Engineering, B.Ed, Teachers' Training etc. Another Institution, *viz* Bhavan's Tripura College of Science and Technology was provided with land and one time grant for its establishment and it has started providing courses in Computer Science, Management etc.

Audit revealed that no laid down PPP policy on education exists in the State despite it being envisaged in the Perspective Plan. PPPs were considered on case to case basis and the Department could not furnish detailed terms and conditions for funding the projects undertaken under PPP Scheme. In spite of audit requisition, the copies of MOUs could not be made available. On an audit query to specify the terms and conditions as well as details of logistic support extended to ICFAI, the Department called for the relevant information from ICFAI in July 2009, the reply of which is awaited.

The Government in the exit conference (September 2009) informed that only statutory permission was being considered at present and it is yet to finalise the modalities and terms of reference of PPP.

1.2.14 Training of Teachers

1.2.14.1 Mid-career training

According to UGC Guidelines, participation in orientation/refresher courses, each of at least three to four weeks duration, and consistently satisfactory performance appraisal reports shall be the mandatory requirement for Career Advancement from Lecturer to Lecturer (Senior Scale) and from Lecturer (Senior Scale) to Lecturer (Selection Grade).

The senior teachers like Readers/Lecturers (Selection Grade) and Professors may opt to attend two seminars/conferences in their subject area and present papers in order to qualify for promotion/selection to higher level or attend refresher courses to be offered by Academic Staff Colleges (ASCs) for this level.

The total number of teachers actually benefited under the scheme of Career Advancement during 2004-09 and also those who had undergone Orientation/Refresher courses could not be ascertained. The Department stated that no consolidated record was maintained at the Directorate.

However, in the exit conference (September 2009) the Government stated that for promoting the faculty members in different disciplines, the Departmental Promotion Committee (DPC) ensures adherence to the prescribed UGC norms while recommending promotions.

In the absence of consolidated record in the Department as discussed above, the claim of the Government could not be confirmed by audit.

1.2.15. Monitoring and Internal Audit

1.2.15.1 Monitoring framework

The Directorate had no centralised database on various activities that were undertaken for implementation. State level review meetings were held regularly but the follow up action taken in accordance with decision of the meetings were not documented. The effectiveness of the review meeting, therefore, remained un-assessed. As a result, monitoring at the Chief Controlling Officer level was not evident. However, in June 2009 a monitoring cell has been constituted in the Directorate of Higher Education to review and monitor the progress of construction works undertaken by the Department.

1.2.15.2 Internal audit

Internal Audit has not been established within the Department. The Directorate of Local Audit (DLA) (set up in May 2002) under the Finance Department conducts internal audit of all the State Government offices. During 2004-09, the DLA carried out audit of 11 units (2006-07: 4, 2007-08: 5, 2008-09: 2) in the Department. Of the 11 units, 64 out of 95 observations issued were awaiting settlement as of June 2009. Lack of response from the auditee was found to be the main reason for the audit paragraphs not being settled.

1.2.16 Conclusion

The Department planned its activities and formulated its budgets without obtaining any inputs from the educational institutions. The allocation of funds for higher education as a percentage of Social Services gradually declined over the years. Acute shortage of teaching staff, non-maintenance of teacher-student ratio as prescribed by UGC and absence of an effective monitoring mechanism impacted the functioning of the Department in ensuring quality education to students.

1.2.17 Recommendations

- The Department should obtain inputs from the educational institutions before planning its activities and formulating its budget.
- The Department should take effective action for recruitment of teaching staff in line with UGC norms, to ensure quality education.
- An effective monitoring mechanism should be introduced.
- A well defined PPP policy should be formulated keeping in view the overall interest of the State. Documentation on PPP projects should be transparent and widely publicised to ensure accountability and public scrutiny.

REVENUE DEPARTMENT

1.3 Information technology review of e-Suvidha – an e-Governance project

The e-Suvidha project was initiated to facilitate provision of citizen centric services through a single window. There was however, no action plan for the implementation of the project and none of the SDM offices selected for audit was providing all the envisaged services to the citizens despite the lapse of over nine years since the project was initiated.

In the absence of action plan and defined roadmaps, the project remained incomplete even after nine years of its launch.

(Paragraphs 1.3.6 and 1.3.7.1)

Procurement of Biometric finger print sensor keyboards, provision for which does not exist in the application, resulted in infructuous expenditure of Rs. 2.30 lakh.

(Paragraph 1.3.7.3)

Rs. 54.32 lakh incurred on procurement of Touch Screen Kiosks and V-SATs remained idle for more than 5 years.

(Paragraph 1.3.7.4)

Citizens were denied the benefits of archiving due to non-utilisation of the module, which would have facilitated issue of subsequent certificates without resubmission of required documents.

(Paragraph 1.3.7.5)

Due to lack of validation controls, the system accepts same input data more than once.

(Paragraph 1.3.8.1)

1.3.1 Introduction

The Government of Tripura initiated an e-Governance project e-Suvidha (Service Facilitation Centre) during 2000 with a view to harness the benefits of Information Technology (IT) for effective and transparent functioning of administration. The project envisaged to provide a single window facility to citizen for providing 23[1] varied certificates like PRTC[1], Income, Survival, SC, ST, and OBC Certificates etc.

To overcome the problems of the manual system, like a citizen requiring several inquiries/visits to ascertain the status of application during the process of verification, validation, decision, rejection etc. e-Suvidha envisaged citizen to submit their requests

[1] PRTC, Income, ST, SC, OBC (State), Survival, Land Valuation, Living children, OBC(Central), Citizenship, Registration of Birth, Registration of Death, Distance Certificate, Renewable License for Cable Operators, Indo-Bangladesh Passport, Certified copy of By-Birth Citizenship, SC, ST and OBD(State), By-Form Citizenship, Registration of Death, Distance Certificate and Survival certificate.

[1] Permanent Resident of Tripura Certificate.

for services at a single location and monitor their status over designated kiosk or through internet.

The project was initially implemented (July 2000) in the Sub-Divisional Magistrate (SDM) office at Udaipur. Subsequently, Government decided (March 2004) to extend the project to all Sub-Divisions by opening Service Facilitation Centres (SFCs) at all SDM offices of the State. There were 16[2] SFCs at 16 (out of 17) SDM offices of the State and Rs. 1.93 crore have been incurred for implementation of the project.

e-Suvidha is a Client Server system implemented over a LAN, comprising of VB 6.0 as front-end tool with Crystal Report 7 and SQL Server 2000 as back-end database engine on Windows 2003 platform developed by National Informatics Centre (NIC). The hardware were procured and installed by NIC through National Informatics Centre Services (NICSI). District Information Officers (DIOs) of NIC posted in district headquarters are providing technical support.

1.3.2 Objectives of the project

The main objectives of e-Suvidha project were to:

- provide various services to citizens at a single location
- provide facility to the citizen for viewing their application status over kiosk or internet
- monitor the efficiency of the subordinates in performing their duties and responsibilities for delivering these services
- bring transparency in the process of providing services
- reduce time and harassment of the citizen.

1.3.3 Organisational Set-up

Revenue Department headed by a Principal Secretary through the SDMs is the implementing department. The IT Department of the State and NIC are associated for providing technical support. Existing staff of SDM offices were utilised for implementation of the project and operation of the system.

1.3.4 Scope and Methodology of Audit

The scope of audit included test-check of the records of the Director of IT Department, Revenue Department, 10[3] (out of 17) SDM offices (selected by using random sampling) and verification of the general and application controls of the

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[2] Agartala, Bishalgarh, Sonamura, Khowai, Teliamura, Udaipur, Amarpur, Belonia, Sabroom, Dharmanagar, Kailashahar, Kanchanpur, Ambassa, LT Valley, Kamalpur and Gandacherra, (Santirbazar has not yet implemented).

[3] Amarpur, Ambassa, Belonia, Bishalgarh, Dharmanagar, Kailashahar, Sabroom, Sadar, Santirbazar and Teliamura.

system. Out of 10 selected SDMs, database of 8 SDMs[4] were available for analytical check of data completeness, regularity and consistency, using an audit software tool namely IDEA (Interactive Data Extraction and Analysis). Records relating to expenditure for implementation of e-Suvidha were examined.

1.3.5 Audit Objectives

The audit objectives were to ascertain whether:

- Objectives of project (i.e. increase transparency and efficiency, improve delivery of services to the citizen etc.) were achieved
- Physical and logical access controls were adequate
- Database is complete, secured and reliable
- IT Security and business continuity plan were in place
- Procurement, supply, installation and maintenance of hardware were effective
- Personnel management and training policy were adequate.

Audit Findings

1.3.6 Absence of strategic plan

No action plan was drawn up for implementation of the project. Roadmap with pre-defined targets with designated agencies for implementation of the various aspects of the project was not prepared.

In the absence of defined responsibilities, at initial stage itself Rs. 21.00 lakh for site preparation at 14 SDM offices allocated to NICSI during March 2004 was returned through NIC, Agartala centre to the concerned DM & Collectors in June 2004.

Thereafter, the SDMs were provided (July 2004) the funds to execute the work of site preparation. Scrutiny of seven selected SDMs, showed that site preparation took a period of 9 to 27 months. Thus, non-involvement of the SDMs at the initial level planning attributed to the delay in site preparation of the project.

1.3.7 System implementation

1.3.7.1 Delay in completion of project

Scrutiny of 8 selected SDMs revealed that in none of the SDMs offices the system was providing all 23 services to the citizen even after lapse of nine years of implementation. In SDM, Udaipur where the project was initially implemented, e-Suvidha was being used for issue of eight certificates only. Services provided through e-Suvidha by various SDMs ranged from 3 to 8 in place of 23.

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[4] Out of 10 SDM offices selected for audit, only 8 databases could be downloaded. In SDM, Santirbazar the system has not been implemented and in SDM, Kailashahar database could not be downloaded due to system fault.

Thus, only a maximum of eight types of certificates were being issued through e-Suvidha and other certificates were still issued manually. In the absence of any definite target, the likely date for completion of the project is not known.

1.3.7.2 Delay in providing services to the citizen

As per guidelines issued by the Revenue Department, the application for Permanent Resident Certificate should be disposed off within a maximum period of one month from the date of receipt of the application.

Scrutiny of the database of 8 selected SDMs revealed that 5,593 cases of PRC were lying pending for a period ranging from 2 to 52 months. Further, although the system had provision for generating delay reports, in none of the 8 SDMs, review of the delay reports by higher authority was noticed.

1.3.7.3. Infructuous expenditure of Rs.2.30 lakh due to non-utilisation of Biometric finger print sensor keyboards

15 Biometric finger print sensor keyboards costing Rs. 2,29,695 were supplied by NICSI to 15 SDMs[5] during March 2005, for use at e-Suvidha centres. However, the same were not installed in any of the 9 SFCs audited. The Biometric finger print sensor keyboards were lying unutilised for more than four years. As no module/menu exists in the application for use of Biometric finger print sensor keyboard, its further utility is not assured and the expenditure of Rs. 2.30 lakh has become infructuous.

1.3.7.4 Non-utilisation of Touch Screen Kiosks and V-SAT resulting in idle expenditure of Rs. 54.32 lakh

To provide facility to the citizen for viewing their application status over kiosk/internet, 14 Touch Screen Kiosks and 14 V-SATs were provided to 14 SDM offices. The expenditure incurred (March 2004) including Card for HUB at NIC, Delhi was Rs. 54.32 lakh. In 9 out of 16 SDM offices audited, Kiosks were installed during November 2004 to March 2005, but the records of the installation of V-SATs were not made available to audit.

It was noticed that initial data entries of applications received were fed into the system but data entry of the status of subsequent stages were not done immediately on completion of each process.

Hence, due to non-updation of the data of the status of application at each step of its process, the system did not fulfill the objective of providing facility to the citizen for viewing the status of their applications over kiosk or internet thereby rendering the expenditure of Rs.54.32 lakh idle and the objective of reducing the inconvenience caused to citizen in visiting Government offices several times remained unachieved.

[5] Sadar, Bishalgarh, Sonamura, Khowai, Udaipur, Amarpur, Belonia, Sabroom, Dharmanagar, Kailashahar, Kanchanpur, Ambassa, Kamalpur, Gandacherra and LT Valley.

1.3.7.5 Non-archiving of the service request dockets

One of the main features of the project is to archive the Service Request 'Docket' (supporting documents on the basis of which certificates are issued to citizen) after providing services to the citizen. Once archived, the same documents would not be required to be resubmitted for subsequent requests for obtaining any other certificates.

Scrutiny of eight selected SDMs revealed that archiving of Service Request Dockets were not done in any of the SDM offices though the facility was provided in the application. The citizens were, therefore, required to resubmit their documents during subsequent applications. Thus, the benefits of electronic archiving facility available in the system were not utilised.

1.3.8 Deficiency in Application Software

1.3.8.1 Lack of validation control – system accepts same data more than once

Scrutiny of the application and database revealed that no validation check was provided in the application software for rejecting same data for same certificate. The system accepts same person's request more than once for the same certificate. Details of same records entered more than once in the database of 8 selected SDM offices are illustrated as below:

Table No. 1.3.1

Sl. No.	Name of Sub-Division	PRC		SC		ST		OBC (State)	
		No. of cases	No. of times	No. of cases	No. of times	No. of cases	No. of times	No. of cases	No. of times
1.	SDM, Ambassa	151	2-5	10	2	17	2-4	15	2-3
2	SDM, Amarpur	206	2-6	8	2-4			7	2-4
3	SDM, Belonia	559	2-11	16	2-3				
4	SDM, Bishalgarh	363	2-8						
5	SDM,Dharmanagar	1,619	2-12	47	2-3	27	2-3	22	2-4
6	SDM, Sabroom	274	2-6						
7	SDM, Teliamura	132	2-7						
8	SDM, Sadar	1,523	2-10	187	2-5	114	2-6	204	2-6
	TOTAL:	**4,827**		**268**		**158**		**248**	

Note: Applicant's name, father's name, date of birth and service id have been taken into consideration for finding duplicate records during preparation of this statement.

Source: Database of the SDMs.

The above table depicts that due to absence of proper validation checks at data entry level, system accepts same person's request more than once which led to database being inflated with duplicate data, resulting in an inaccurate database.

1.3.8.2 Inadequate provision for collection of fees from citizens

Fees for issue of Permanent Resident Certificate are Rs. 2/- and Rs. 5/- for BPL and APL card holders respectively. Scrutiny of the application revealed that there was no provision for capturing fees collected at different rates from the applicants. As such, the records of the collection of fees are being maintained manually. Moreover, the system has no provision for capturing data to categorise BPL and APL applicants.

Thus, fees of Rs. 5, 87,751 collected as on 31 March 2009 for issue of PRC in 5[6] audited SDM offices could not be reconciled with the database.

1.3.9 Absence of IT Security and business continuity plan

1.3.9.1 Lack of segregation of duties

The Application provides three level users with following distinct roles:

(i) **Data entry operator**: File request of the applicant, issue acknowledgement, take print out of certificate or memo.

(ii) **Section:** Online validation (i.e to click either satisfactory or doubtful) with reference to the supporting documents submitted by the applicant.

(iii) **Decision taking authority:** Accord online decision to either issue certificate or reject the request.

In all the 9 SDMs reviewed, it was found that there was no segregation of duties in respect of the personnel working in the e-Suvidha centres. Data entry operators (DEOs) ranging from one to six were found to perform all the above roles and responsibilities. In all the 9 SDMs, the DEOs were operating all the three modules using three separate user-IDs and passwords. Lack of segregation of duties therefore made the system vulnerable to unauthorised access of the database.

1.3.9.2 Lack of business continuity Plan

There was no documented business continuity and disaster recovery plan defining the roles and responsibilities for continuing the operations of e-Suvidha in the event of any disaster caused either due to intentional, accidental or natural calamities. Database backup were not stored in CDs/Tapes for being stored offsite. However, database backups were kept in standby servers in 4[7] out of 9 SDM offices reviewed. Further, no testing procedure to check the backup data by restoration at periodical intervals has been adopted in any of the audited SDM offices.

1.3.10 Inadequate documentation

Only the user manual, system installation manual and software resource specification (SRS) were prepared by NIC. The Department has no documentation on other aspects like troubleshooting, system management, hardware maintenance, disaster management policy, security policy, training policy etc. Lack of documentation affected the smooth and efficient operation of the application. The downtime recorded in 7 out of 16 SDM offices are given in table No. 1.3.2.

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[6] Amarpur, Sadar, Kailashahar, Teliamura and Udaipur.
[7] Dharmanagar, Kailashahar, Sadar and Teliamura.

Table No. 1.3.2

Sl. No.	Name of Office	Down time		
		No. of occurrences	Max. no. of days halted in one occurrence	Reasons
1.	SDM, Amarpur	10 to 12	30 days	Hardware problems
2.	SDM, Ambassa	2	2 days	Hardware problems
3.	SDM, Dharmanagar	10 to 15	15 days	Hardware problems
4.	SDM, Kailashahar	10 to 15	15 days	Hardware problems
5.	SDM, Sabroom	15 to 20	5 days	Hardware problems
6.	SDM, Sadar	10-15	1 days	Hardware problems
7.	SDM, Teliamura	2	5 days	Virus problems

The above table depicts that system was halted several times ranging from 1 to 30 days mainly on account of hardware problems.

1.3.11 Other points of interest

1.3.11.1 No budget provision for maintenance of the project

No budget provisions were made to meet the recurring expenditure for its maintenance and consumables. The Government instructed (February 2005) all SDMs that recurring expenditure pertaining to Service Facilitation Centre was to be borne by the respective SDM offices. However, no budget provision has been made for its maintenance till date (May 2009).

In the absence of budget provision, the AMC period of all the computers including servers expired on 1 March 2008 but no further AMC was executed due to scarcity of funds. Consequently, most of the Computers, Printers, Scanners, Kiosks including additional Servers provided for standby and backup purpose were out of order.

1.3.11.2 Unspent money of Rs. 30.43 lakh lying with NICSI

Director of IT (DIT) Department, in March 2004 made an advance payment of Rs. 1,92,36,800 to NICSI for procurement, supply and installation of V-SATs, Servers, other hardwares & software, networking items, UPS and other peripherals for implementation of e-Suvidha system at 14 SDM offices. Scrutiny of the records of NIC, DIT and SDM offices revealed that balance amount of Rs. 30,42,518 (i.e. after deducting Rs. 1,38,87,988 as cost of material supplied and Rs. 23,06,294 as refunded by NICSI) was still lying unadjusted/refunded to the DIT till date (May 2009).

1.3.11.3 Non-maintenance of Inventory

As per provision of GFR a reliable list, inventory or account of all stores in the custody shall be maintained in a form prescribed by the government to enable ready verification of stores and check of accounts at any time, and transactions shall be recorded in it as they occur. Scrutiny of records revealed that none of the 9 selected SDMs maintained Inventory Registers.

The Draft Review was issued to the Government on 2 July 2009. An exit conference was held on 20 August 2009, where the audit findings were accepted and an assurance was given to look into the deficiencies as brought out in the review to furnish the detailed replies.

1.3.12 Conclusion

Government launched e-Suvidha, a project to enhance the services provided to the citizens by availing benefits of IT, where it envisaged to provide a large number of services to the citizens through a single window. The project, however, suffered from lack of defined targets and uncertainty of its completion. Besides, due to improper use of application, the objective of citizens viewing the status of their applications over kiosks or internet remained unimplemented. The system is merely being utilised for data storage, typing and printing the certificates even after 9 years of its launch.

1.3.13 Recommendations

- Formulate a plan and draw targets with clearly defined responsibilities for proper utilisation of the hardwares, applications and completion of the project.
- Review the application software to ensure accuracy of the data and proper accountal of revenue.
- Provide maintenance of the hardwares and ensure early restoration of the system through guaranteed services.
- Provide periodic training to the personnel deployed for the project.

CHAPTER II: AUDIT OF TRANSACTIONS (CIVIL DEPARTMENTS)

Misappropriation/Loss

HEALTH AND FAMILY WELFARE DEPARTMENT

2.1 Fraud and misappropriation

Non-compliance with financial rules relating to maintenance of Cash Book, handling cash and drawal of money coupled with absence of supervision and internal control led to suspected fraud of Rs.3.49 crore, out of which, Rs.1.96 crore was suspected to have been misappropriated.

The Director of Health Services (DHS) maintained three bank accounts: (i) CD account in the name of DHS in United Bank of India (for transactions relating to various scheme funds); (ii) CD account in the name of the Drawing and Disbursing Officer (DDO) in State Bank of India (to operate Government transactions) and (iii) CD account in the name of DDO in Gramin Bank (for drawal and disbursement of salary, wages and third party payments). Scrutiny (January–February and April–June 2009) of records for the period 1 August 2005 to 31 March 2009 revealed the following:

- Transactions were not recorded in the Cash Book regularly and the Cash Book was not closed on a daily basis. Cash book was not maintained for about nine months from 30 September 2007 to 30 June 2008 and for about six months from 16 August 2008 to 9 February 2009.
- Entries in the Cash Book were not attested and necessary certificates were not recorded in the Cash Book every month after verification.
- Surprise checks were not conducted.
- While a Cheque Issue Register was maintained from 2 July 2007, Register of cheques and Register of valuables were not maintained.
- No Bank reconciliation was conducted.
- Transactions out of scheme funds (DHS's CD account) were neither reflected in the Cash Book nor in the Bill Register.
- No subsidiary Cash Books were maintained to record scheme funds not reflected in the Cash Book.

The aforesaid irregularities violated the provisions of Rule 77A of Central Treasury Rules and Finance Department's instructions (memorandum of 13 December 1996). Lack of financial propriety and absence of internal controls over handling and management of cash, resulted in the following:

- During 4 November 2005 to 16 March 2007, Rs.11,26,850 were withdrawn from DHS's CD account through four cheques against the sanctioned amount of Rs.59,800 in two cheques. The excess drawal of Rs.10,67,050 was not recorded in the Cash Book and was suspected to have been misappropriated **(Appendix 2.1-A)**.

- During 28 October 2005 to 8 December 2008, Rs.38,726 were withdrawn from DDO's CD account through four cheques[1] without sanction order and in 26[2] cheques there was a suspected fraudulent excess drawal of Rs.1,76,10,000 (**Appendix 2.1-B**).

  Further, Rs.2,72,387 drawn through 25 cheques[3] on several occasions between January 2006 and February 2009 was not entered in the Cash Book or recorded in any books of accounts. Physical verification of cash conducted (26 March 2009) by the Department after breaking open the cash chest in the presence of a Magistrate found only Rs.717.25. The undisbursed amount of Rs.2,71,670[4] was also suspected to have been misappropriated.

- Rupees 1,30,575 was withdrawn in excess of the bill amount in nine cheques[5] **(Appendix 2.1-C).**

- Rupees 6,19,819 were withdrawn through eight cheques **(Appendix 2.1-D**) between December 2005 and January 2007 from the DDO's CD account without sanction. The amounts withdrawn were not entered in the Cash Book. Despite several requests from Audit team, neither the relevant bills were shown nor the purpose of drawals was stated. The Actual Payees' Receipts (APRs) could not be produced to show their disbursement as well. The amount is therefore, suspected to have been misappropriated.

- Rupees 1,38,88,272 **(Appendix 2.1-E)**, was suspected to have been fraudulently transferred from the DHS's CD account to the DDO's CD account through three cheques instead of Rs.88,272 (relating to payment of income tax), resulting in excess transfer of Rs.1,38,00,000. Out of Rs.88,272, sanction order for Rs.23,671 could not be produced to Audit. The transactions were not routed through the Cash Book. Necessity for transferring the amounts from DHS's CD account to DDO's CD account was also not explained.

- The DDO deposited Rs.15,74,000[6] (in two instalments) in cash in his CD account in SBI, Agartala which was not reflected in the Cash Book. No records regarding source of revenue, availability of the cash and reasons for such deposits were made available to Audit team.

[1] Sl. No. 22 to 25 of Appendix 2.1 B.
[2] Sl. No. 1 to 25 and 33 of Appendix-2.I-B.
[3] Sl. No. 3, 6 to 8, 10 to 12, 16, 17, 22 to 37 of Appendix-2.I-B.
[4] Rs.2,72,387 – Rs.717.25
[5] Sl. No. 26,28,29 to 33,35 and 36 of Appendix-2.I-B.
[6] Rs.3,74,000 on 4-1-2008 and Rs.12,00,000 on 5-1-2008.

Thus, the Department did not enforce provisions of financial rules in handling cash, drew money without sanction orders and there was absence of supervision and internal control besides perfunctory maintenance of Cash Book which led to suspected fraud of Rs.3.49[7] crore out of which, Rs.1.96[8] crore was suspected to have been misappropriated.

The Cashier was absconding from 13 January 2009. A case was registered with the local police on 7 February 2009 and the matter is under investigation by CID[9]. The DHS placed the Cashier (24 February 2009), the DDO (27 February 2009) and the Head of office (8 April 2009) under suspension. On the basis of a report submitted (21 February 2009) by a Departmentally constituted (17 February 2009) Inquiry Committee, disciplinary proceedings against the erring officials were under process.

The matter was taken up (22 July 2009) with the Government requesting (i) comments/views, after verification of facts, and (ii) remedial action taken, if any, to prevent such recurrence. The Government stated (September 2009) that the cashier, the DDO and the Head of office have been suspended and charges framed against the accused officers and few measures taken to ensure systematic and error free maintenance of accounts.

2.2 Suspected misappropriation

Violation of provisions of financial rules regarding handling of Government money and poor maintenance of Cash Book led to suspected misappropriation of Rs.4,37,777 and unaccounted deposit of Rs.2,17,800.

Rule 77-A of the Central Treasury Rules (CTRs) (Volume-I) states that all Government Officers who receive Government dues and handle cash and perform the functions of Drawing and Disbursing Officer (DDO) should observe that all monetary transactions are entered in the Cash Book as soon as they occur and attested as a token of check; the Cash Book is closed regularly after verifying the totals at the end of each month; cash balance in the Cash Book is verified and a certificate recorded to satisfy that money paid into treasury/bank are actually credited through checking of treasury/bank receipts. Rule 3 and GOI decision below Rule 6 of General Financial Rules also requires strict enforcement of financial rules/orders while managing public moneys.

Scrutiny (January 2009) of records of Medical Superintendent, Cancer Hospital, Agartala revealed that receipts and payments were not regularly entered in the Cash Book, analysis of cash balances at the end of each month and physical verification of cash balances were not done for months at times. Besides, neither the treasury challans/schedules nor the bank counterfoils/scrolls were verified to ascertain the correctness of the entries in the Cash Book. Audit of the Hospital revealed suspected misappropriation as detailed below:

[7] Rs.10,67,050+Rs.1,76,10,000+Rs.2,71,670 + Rs.6,19,819 + Rs.1,38,00,000 + Rs.15,74,000.
[8] Rs.10,67,050 + Rs.1,76,10,000+Rs.2,71,670 + Rs.6,19,819.
[9] Criminal Investigation Department.

- The Cashier received Rs.9,54,350 through the daily collection registers, from various collection counters on account of the charges/fees for tests (thyroid, X-ray, mammography etc.) during 1 November 2005 to 26 September 2008. However, only Rs.9,15,750 was accounted for in the Cash Book resulting in short accountal of Rs.38,600.
- Rupees 3,17,800 shown in the Cash Book as remitted into Treasury during 1 November 2005 to 26 September 2008, were not found in the Treasury receipt schedules. The actual remittance of these amounts is doubtful, as the relevant Treasury challans could not be produced to audit team.
- The Cash Book entries on 31 July 2008 recorded Rs.14,400 and Rs.13,600 as remitted into Treasury. The corresponding challans and entries in the Treasury receipt schedules were only for Rs.4,400 and Rs.3,600, resulting in short remittance of Rs.20,000. Meanwhile, Rs.2,17,800 remitted into Treasury in 16 challans between 29 April 2006 and 22 August 2008, were not routed through the Cash Book.
- Closing balance as on 26 September 2008 was Rs.21,200. A further amount of Rs.1,01,350 was collected during 27 September 2008 to 14 January 2009 out of which Rs.59,200 was remitted into the Treasury. Physical verification of cash conducted at the instance of audit on 14 January 2009 showed a balance of only Rs.1,973 in the cash chest as against Rs.63,350.

Thus, violation of provisions of financial rules regarding handling of Government money and poor maintenance of Cash Book led to suspected misappropriation of Rs.4,37,777[10] and unaccounted deposit of Rs.2,17,800**.**

The Director stated (July and September 2009) that the misappropriation occurred due to manipulation and oversight of the cashier and a warning has been issued to the cashier. He further stated that the cashier has already deposited Rs.1,57,000 through challan in June 2009 and the DDO had also been instructed to verify the cash regularly.

The Deputy Medical Superintendent, Cancer Hospital informed that the cashier had been directed (6 October 2009) to deposit the balance amount of Rs.62,977 by 13 October 2009.

The fact however, remains that the erring officials are still being allowed to handle cash in the hospital even after manipulation and mis-appropriation of Government cash. Besides, in spite of specific query, action taken if any, against the erring officials has not been intimated to audit (October 2009).

The matter was reported to the Government in June 2009; reply had not been received (October 2009).

[10] Rs.(38,600 + 3,17,800 + 20,000 + 61,377) = Rs.4,37,777.

PUBLIC WORKS (DRINKING WATER AND SANITATION) DEPARTMENT

2.3 Doubtful utilisation of ductile iron pipes

Utilisation of 599.50 metres of ductile iron pipes worth Rs.22.45 lakh supplied by the contractor at higher rate remains doubtful.

The work relating to 'Accelerated Urban Water Supply Scheme at Khowai' was awarded in June 2003 to the lowest tenderer as a lump sum contract at a negotiated cost of Rs.2.50 crore for completion within 24 months from the 15th day of issue of work order i.e. by July 2005.

Scrutiny (April 2009) of records of the Executive Engineer, Drinking Water and Sanitation Division-II, Agartala revealed that the work commenced in July 2003 and was completed in November 2006 i.e. after 17 months from the stipulated date of completion. The contractor was paid Rs.2.78 crore upto January 2007 in 14 separate running account bills against the work done for Rs.2.80 crore. Payment of 15th and final bill to conclude the work at Rs.2.81 crore was pending as of April 2009.

As per the contract, for the component of "Raw Water Rising Main", the contractor was to supply and lay 2,040 metres of 400 mm dia ductile iron pipes at a lump sum cost of Rs.74.92 lakh (cost of pipes: Rs.72.42 lakh[11] and laying charges: Rs.2.50 lakh). The contract further stipulated that in the event of requirement of pipes beyond 2,040 metres, a higher rate of Rs.3,745 per metre would be charged. The contractor was paid Rs.94.89 lakh for supplying 2,640 metres of pipes (2,040 metres at Rs.72.42 lakh and 600 metres @ Rs.3,745 per metre). Scrutiny of measurement book and site account, however, revealed that out of 2,640 metres of pipes supplied by the contractor, 2,372 metres were issued to the contractor for the work (upto June 2006) out of which**,** only 2,040.50 metres were used by him on the work. There was nothing on record to establish that the contractor had returned the balance 331.50 metres of pipes worth Rs.12.41 lakh[12]. The 15th and final bill awaiting payment does not contain any recovery of the unutilised pipes. Further, the details of utilisation of 268 metres of pipes costing Rs.10.04 lakh[13] which was not issued to the work was also not on record.

Thus, existence of 599.50 metres of ductile iron pipes worth Rs.22.45 lakh, supplied by the contractor at higher rate, remained doubtful.

The Executive Engineer stated in April 2009 that the matter would be investigated. Further development is awaited.

The matter was reported to the Government in July 2009; reply had not been received (October 2009).

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[11] Rs.72.42 lakh / 2040 metres = Rs.3,550 per metre.
[12] Rs.3,745 × 331.50
[13] Rs.3,745 × 268

Wasteful/Excess expenditure

EDUCATION (HIGHER) DEPARTMENT
(TRIPURA UNIVERSITY)

2.4 Excess expenditure on a turnkey project

Selection of the second lowest bidder with relative technical inexperience in a turnkey project resulted in excess expenditure of Rs.40 lakh.

The work of a turnkey project 'Campus-wide Networking in Tripura University' was awarded by the University (September 2006) to the second lowest bidder (Firm B[14]) at a negotiated tendered value of Rs.1.25 crore, setting aside the lowest tendered bid of Rs.97 lakh (Firm A[15]), stipulating completion within 14 weeks from the date of issue of work order. The work was completed in January 2008 at a total cost of Rs.1.37 crore and the system started functioning after trials in April 2008.

Scrutiny (June–November 2008) of records of the University revealed the following:

- An Expert Committee, consisting of two members (appointed by the University), which, on technical consideration recommended two firms (Firm A and B) out of 5 bidders, concluded Firm B to be relatively inexperienced. Thereafter, Firm A and B presented their technical and financial bids before an Appraisal Committee (appointed by the University) in April 2006.
- The Appraisal Committee rejected the lowest bid of Firm A and recommended Firm B on the ground that the latter undertook site survey before submission of its bid and assured on site service for first three years free of cost.
- The need to undertake site survey was not a requirement of the bid document. Besides, the site survey done by selected Firm B was evidently not accurate, as about 700 metres of additional cables more than 3,000 metres (about 23 *per cent* excess) indicated in the work order were needed during execution.
- The bid document required that after successful commissioning of the system, the bidder should engage a system engineer at the site for three years. Firm A had accounted for the cost of a site engineer for three years in its bid.
- The bid document also required that prices indicated should be all inclusive. While the condition was fulfilled by Firm A, Firm B quoted the prices exclusive of State sales tax, which resulted in extra payment of Rs.12.74 lakh.

Selection of Firm B thus lacked transparency and undue favour shown to the firm despite it not being the lowest tenderer.

The University stated (January 2009) that while recommending Firm B, willingness and technical ability to provide quality goods and post-commission services,

[14] Firm B: Focus Research and Development Pvt. Ltd., Kolkata.
[15] Firm A: M/s Netwings Communication Pvt. Ltd., Kolkata.

presentation of schematic layout based on site survey and determination to undertake the job at a competitive price were given due emphasis. The reply does not address the rejection of an equally competent and experienced Firm with more beneficial offer.

The matter was reported to the Government in June 2009; reply had not been received (October 2009).

PUBLIC WORKS (ROADS & BUILDINGS) DEPARTMENT

2.5 Extra expenditure on construction of a bridge

Poor contract management led to extra expenditure of Rs.35 lakh, time overrun of over two and half years and cost overrun of Rs.2.27 crore in construction of a permanent bridge over river Muhuri at Bankarghat on Belonia-Bagafa road.

Construction of a permanent bridge over river Muhuri at Bankarghat on Belonia-Bagafa road under PMGSY[16] was awarded (August 2002) to M/s CIVCON Construction Private Limited (a Kolkata based firm) (Firm A) at a tendered value of Rs.3.81 crore (6.68 *per cent* below the estimated cost of Rs.4.08 crore) with stipulation to complete it by March 2005.

Scrutiny (December 2008) of records of the Executive Engineer, Belonia Division revealed that the site was handed over (18 December 2002) by the Division after a lapse of more than three months, due to unauthorised occupation of land along the alignment of the bridge. The firm took about two months thereafter (10 February 2003) to start the work and then suspended it in different spells citing paucity of funds due to non-payment of running account bills on time. While progress of work was far behind schedule, the Department did not initiate any action against the Firm apart from cautioning the contractor on the delay in progress of the work. The firm stopped execution of the work in February 2004 and was paid (between March 2003 and February 2004) Rs.1.72 crore for works executed up to 25 February 2004. The Division subsequently, issued show cause notice in July 2004 and rescinded the work under clause 3 in September 2004 i.e. after seven months from the date of stoppage of the work. The firm protested the rescission of the contract and in turn submitted (November 2004) a claim for Rs.39.89 lakh, which included escalation cost, additional work, refund of withheld components and refund of security deposit. Since the Department rejected the claims, the contractor sought (15 February 2005) arbitration, which is still pending (April 2009).

The balance work was awarded (29 December 2005) to another contractor (Firm B) at a negotiated price of Rs.4.48 crore (54.43 *per cent* above the estimated cost of Rs.2.90 crore) stipulating 12 months for completion with effect from 12 January 2006. Before acceptance of the rate, the Division assessed (November 2005) its reasonableness compared to the then market prices of the materials and labour cost but such assessment was not done while accepting the rate of 6.68 *per cent* below the estimated cost in 2002**.** After awarding the work to Firm B, a joint inspection was conducted (17 February 2006) wherein some defects were found in the piles constructed by the first firm. A separate agency was engaged on 25 February 2007 i.e. after 14 months from issue of work order to Firm B, to rectify the identified defects. The work commenced on 28 February 2007 and completed in 17 days at a cost of Rs.13.47 lakh. Firm B completed the balance work (January 2008) and was paid (February 2008) Rs.4.01 crore. In addition to that, escalation charges of Rs.21.53 lakh was paid to the contractor for delays on account of the

[16] Pradhan Mantri Gram Sadak Yojana (PMGSY).

rectification work. The work, which was to be completed in March 2005 at a cost of Rs.3.81 crore, was therefore completed in January 2008 at a total cost of Rs.6.08 crore[17].

Thus, poor contract management led to extra expenditure of Rs.35 lakh on escalation and rectification costs, time overrun of over two and half years and cost overrun of Rs.2.27 crore. Besides, the Department was embroiled in litigation, which is yet to be settled.

Government accepted (September 2009) the delay and stated that it was unintentional in compelling situation. It was further stated that extra expenditure was unavoidable and excess cost of Rs.2.27 crore was due to hike in price. The fact remains that these were the consequences of poor contract management.

2.6 Extra expenditure on construction of a school

Delay in finalisation of rate for an extra item of work in the construction of a primary school resulted in extra expenditure of Rs.13.27 lakh.

Education (School) Department accorded (May 2006) administrative approval and expenditure sanction for construction of an English medium primary school at Umakanta Academy school campus at Agartala, under Additional Central Assistance. Technical sanction was accorded in January 2007. The work was awarded (May 2007) to a contractor[18] at a tendered value of Rs.89.02 lakh and was stipulated to be completed by May 2008. Extension of time had been granted (July 2009) by the Division upto October 2009.

Scrutiny of records (October –November 2008) of the Executive Engineer (EE), Agartala Division-I revealed that after issue of work order and commencement of the work (May 2007) the structural drawing of protection wall/guard wall at foundation level of construction had been modified by the Public Works Department due to the decision (5 September 2007) of the Government to shift the layout of the building in public interest. The modified drawing was handed over (22 September 2007) to the contractor stating that the claim for revision of rates as a consequence of modification would be settled as per the agreement.

The contractor claimed (24 September 2007) a rate of Rs.2,201 per cum (as per sub-clause (v) of clause 12 of the agreement) for an extra item[19] necessitated due to the modification. As per Para 25.13 of the CPWD Manual Vol. II, the EE on receipt of the rate from the contractor should have analysed and got it sanctioned from the appropriate authority within six weeks. However, there was a delay of more than 17 months which led to acceptance of a higher rate as detailed below:

(i) The Executive Engineer recommended Rs.2,105 per cum with analysis of rates to the Superintending Engineer (SE) on 28 November 2007 i.e. after two months

[17] (i) Paid to Firm A: Rs.1.72 crore; (ii) Paid to Firm B: Rs.4.01 crore; (iii) Paid for price escalation: Rs.0.22 crore; (iv) Treatment of piles foundation: Rs.0.13 crore.

[18] M/s Rai Mohan Majumder & Co.

[19] Providing and laying a mixture of sand and *jhama* brick-bats (40 mm down size to 10 mm above) in a ratio of 1:2.

of submission by the contractor, which was forwarded (1 December 2007) by the SE to the Chief Engineer for approval.

(ii) Meanwhile, pending approval**,** the contractor, citing price hike of bricks and sand submitted (12 March 2008) further revised rate of Rs.2520.60 per cum**,** which was recommended by the EE to the higher authority. Later (21 August 2008), the EE further analysed the rate at Rs.3326.30 per cum. However, after spot visit with SE, Rs.2715.65 per cum was approved by CE on 18 March 2009.

The contractor was paid (May 2009) Rs.1.22 crore which was inclusive of Rs.59.02 lakh for 2,173.394 cum of work for the extra item @ Rs.2,715.65 per cum. The total expenditure on account of the extra item of work would have been Rs.45.75 lakh at the rate of Rs.2,105 per cum as recommended by the EE with analysis of rates.

Thus, delay in finalisation of rate for an extra item of work in construction of the school resulted in extra expenditure of Rs.13.27 lakh[20].

Government stated (October 2009) that the fixation of rate was necessitated due to shifting of the building backwards and was not attributable to delay in finalising the rates.

The fact however, remains that even though payment of additional amount for the extra item was inevitable, timely action on the part of the Department could have avoided the excess expenditure of Rs.13.27 lakh.

(Tripura Housing and Construction Board)

2.7 Excess expenditure on development of Women's College

Non-adherence to codal provisions of handing over clear site to the executing agency and non-release of funds on time by the Education (Higher) Department led to delay in completion of work by 34 months and a cost overrun of Rs.19.06 lakh.

Education (Higher) Department accorded (March 2002) administrative approval and expenditure sanction for Rs.4.35 crore for development of Science Block in Women's College (Phase I & II) and released Rs.2.00 crore to Tripura Housing and Construction Board (Board), a Government of Tripura enterprise and its executing agency, in three phases (Rs.30 lakh in February 2003, Rs.37.50 lakh in March 2003 and Rs.1.32 crore in June 2005). The work was awarded (17 January 2004) by the Board to a contractor[21] at a tendered value of Rs.98.38 lakh (estimated cost: Rs.76.56 lakh) for completion within 15 months i.e. April 2005.

Scrutiny (December 2008 to March 2009) of records of the Chief Executive Officer, Tripura Housing and Construction Board, revealed that the drawings were handed

[20] {(Rs.2,715.65 per cum x 2,173.394 cum) = Rs.59.02 lakh} – {(Rs.2,105 per cum x 2,173.394 cum) = Rs.45.75 lakh} = Rs.13.27 lakh.

[21] M/s. N.G.Bhattacharjee Construction Company, Agartala.

over by the Board to the contractor only between March and May 2004. Besides, shifting of overhead power line and electric poles were not done till April 2004, which hampered the progress of the work. The delay in handing over clear site for the work after issue of work order was a violation of the provision of Para 4.21 of the CPWD Manual Vol. II. The work commenced on 20 March 2004 which was suspended in November 2004 as the Education (Higher) Department had not released funds to the Board despite repeated requests from the latter.

The Board had to close (April 2005) the work executed up to November 2004 due to non-release of funds from the Department. Non-release of adequate funds by the Education (Higher) Department despite according approvals and sanctioning funds for the work was a violation of the provisions of Para 2.2 of the Manual, *ibid*, and led to closure of the contract. Reasons for not placing funds by the Education (Higher) Department in time were not stated.

The contractor was paid Rs.84.89 lakh as of January 2006 and the balance work (estimated cost: Rs.25.25 lakh) was awarded (June 2006) to another contractor[22] at a negotiated tendered value of Rs.32.95 lakh. The work, stipulated to be completed by April 2007 was completed in February 2008 at a cost of Rs.51.44 lakh, which included additional works such as guard room, visitors' waiting room and a gate, costing Rs.18.89 lakh.

Thus, non-adherence to codal provisions of handing over clear site to the executing agency and non-release of funds on time by the Education (Higher) Department led to closure of the work. Subsequent implementation of the work resulted in excess expenditure of Rs.19.06 lakh[23] and time overrun of 34 months.

The matter was reported to the Government in July 2009; reply had not been received (September 2009).

[22] Shri Tapan Kumar Poddar.

[23] Rs.84.89 lakh + Rs.51.44 lakh – Rs.18.89 lakh – Rs.98.38 lakh.

ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

2.8 Extra expenditure on procurement of livestock feed

Procedural lapses during tendering process led to delay in finalisation of tenders and acceptance of higher rates resulting in extra expenditure of Rs.33.85 lakh

For preparation of balanced ration for livestock and poultry birds in Departmental Feed Mixing Plants, the Director, Animal Resources Development invited (18 December 2007) tenders for procurement of 15 feed ingredients for the year 2008-09. In response, five tenders were received. A Committee constituted for scrutiny of the tenders, on prior discussion with the tenderers, did not open the bids on the specified date (22 January 2008) on the ground that (i) out of five tenderers only one quoted rates for 13 out of 15 items (ii) three tenderers quoted for only one item (dry fish) and (iii) one tenderer quoted for only one item (rice bran). The Committee proposed for either retendering or extension of date for submission of tenders. The Department decided to extend, the date of receipt of tender upto 12 February 2008. The Notice Inviting Tender did not stipulate any condition that the tenderers were to quote rates for all the items or at least more than one item.

During the extended period, one more tender was received. The bids were opened on 13 February 2008, and four were found valid. A comparative statement of rates was prepared by the Tender Committee and submitted to the Government for approval. The Government rejected the tender citing procedural lapses and decided to call for fresh tender.

Seven bids, which included all the earlier six tenders and a fresh tender, were received in response to the second tender invited on 17 April 2008. The same Committee vetted the tenders and found six of them to be valid (7 May 2008). A comparative statement of rates (valid upto 31 March 2009**)** prepared by the Committee was accepted and approved by the Supply Advisory Board on 21 July 2008. Supply orders were placed (August 2008 to March 2009) on four lowest tenderers, who had supplied 13 items costing Rs.2.59 crore up to 31 March 2009[24]. A comparison of the rates between the first and second tender revealed that in the intervening period of three months, higher rates ranging from 3.22 *per cent* to 52.24 *per cent* quoted for 14 items even by the same firms were accepted. Consequently, the Department incurred an excess expenditure of Rs.33.85 lakh as of March 2009.

Thus, procedural lapses during tendering process led to delay in finalisation of tenders and acceptance of higher rates which resulted in extra expenditure of Rs.33.85 lakh.

Government accepted (July 2009) the procedural lapses and stated that the rates finalised by the Department were on higher side. The Government attributed the higher rates to procurement being during dry season and assured that tenders would be floated in future in the preceding winter or after dry season.

[24] No procurement was made after 31 March 2009 at the said approved rate.

Violation of contractual obligations/Avoidable expenditure

HEALTH AND FAMILY WELFARE DEPARTMENT

2.9 Undue favour to a private partner

Objective of setting up a medical college under public private partnership with GENET faced a premature end due to deficiencies in PPP agreement and injudicious selection of the firm, as it persistently failed to meet its commitments.

For establishing and running a medical college namely "Tripura Medical College and Dr. BR Ambedkar Memorial Teaching Hospital", by upgrading the existing facilities of the Dr. BR Ambedkar Memorial Hospital (Dr. BRAM Hospital), Government of Tripura entered (7 October 2004) into a Public Private Partnership (PPP) agreement with Global Educational Net (GENET), Kerala. A lease agreement was also executed (7 October 2004) for leasing out 49.86 acres of land including the building, furniture/fixture and equipment of the existing Dr. BRAM Hospital, for 99 years.

The total cost of the project was Rs.164 crore[25] and it envisaged an annual intake capacity of 100 students with a speciality and general hospital of 1000 beds, to be completed in six years in three phases**.** GENET agreed to implement the project to upgrade the existing facilities of the Dr. BRAM Hospital and convert the leased hospital building and other properties into a full-fledged medical college and hospital with attendant facilities and maintain the standards required as per norms prescribed by the Medical Council of India (MCI), Pharmacy Council etc. and to start the college from 2005.

As per the agreement, a Project Supervisory Committee (PSC), consisting of four members (two members nominated by each of the parties) was to be formed to implement the project. All moneys, contribution of the parties and loan arranged by GENET was to be deposited in a joint account of the PSC. Further, an Executive Committee (EC), responsible for administration of the medical college and hospital, with Secretary, Health Department and one nominated member, besides, two permanent observers were to be nominated by the State Government, with right to access to all matters relating to functioning of the institution, servicing of loans and utilisation of funds. GENET was responsible for the day to day running of the college.

For financing the project, the Government pledged to provide a soft loan of Rs.25 crore (repayable after 15 years in equal installments with simple interest), to be deposited into a joint account in five phases of Rs.5 crore each year immediately after deposit of the equal share of Rs.5 crore to the joint account by GENET. GENET was to obtain loan of Rs.114 crore for the implementation of the project.

Scrutiny (January 2009) of records of the Director of Health Services (DHS), Tripura, Agartala revealed the following:

[25] Building: Rs.96 crore, Instrument: Rs.54 crore, Preoperative, contingency and other costs (as fully described in the Project Report): Rs.14 crore.

- The project was awarded to GENET on the basis of its offer and the Government did not explore the feasibility of inviting expression of interest from other reputed agencies before entering into the PPP agreement.
- No provision was made in the agreement to ensure availability of uninterrupted funds for recurring expenditure. The agreed contribution of funds was only for creation of infrastructure.
- The agreement did not contain provision to impose punitive action against non-compliance of any clause of the agreement by the party. Besides, there was no provision for maintenance of separate books of accounts for the transactions out of the funds received from the State Government.
- The PSC was formed on 10 March 2006 (delay of about 16 months from the date of execution of the agreement), by nominating two[26] members by the Government and two[27] by GENET. Till the formation of the PSC, the joint account was operated by the DHS, Tripura and the Chairman, GENET from 17 December 2004. Though formation of EC was initiated in February 2006, records relating to its constitution and details of meetings, if any, were not produced to Audit. Two permanent observers were, however, nominated to the EC (November 2006) by the State Government.
- Total amount deposited in the joint account of the PSC from 17 December 2004 to 24 January 2009 was Rs.43.87 crore (State Government: Rs.25 crore and GENET: Rs.18.87 crore), against Rs.50 crore as per the agreement. Besides, GENET borrowed with the approval of the State Government, Rs.35.44 crore from HUDCO mortgaging the entire leased land and deposited in phases in the joint account during November 2005 to December 2008. Thereafter, withdrawals were made from the joint account from time to time leaving a balance of Rs.6.13 lakh as on 15 May 2009.
- The PSC did not monitor the servicing of loans and utilisation of funds, as GENET did not maintain separate books of account for the soft loan from the Government and loans from HUDCO. Only utilisation certificates were submitted to the Government**.**
- The college could not start in academic year 2005-06, as permission was not granted by the GOI/Medical Council of India due to non fulfillment of required conditions. However, permission for admission in academic year 2006-07 was accorded by the GOI initially for a period of one year, to be reviewed on yearly basis on verification of achievement of annual targets of the project.
- Despite deficiency in faculty, infrastructure and clinical materials highlighted by MCI in its meeting held in June 2007, GOI renewed permission for 2007-08 academic year in view of the special limitation prevailing in the North East and on an undertaking given by the Health Minister of Tripura to comply with all the deficiencies within a specified period.

[26] (1) The Commissioner and Secretary, Health and Family Welfare Department and (2) The Secretary, Law Department.

[27] (1) Shri K. Balachandran Nair, Chairman, GENET and (2) Shri Prashanth Nair, Director-Projects, GENET.

- GENET did not rectify the aforesaid deficiencies and based on a report of persistent and continuing deficiencies of teaching faculty, infrastructure and clinical materials reported (June 2008) by the Ad-hoc Committee appointed by the Supreme Court, permission to admit students in academic year 2008-09 was denied by the GOI/Medical Council of India (June 2008).
- Meanwhile staff were not paid salaries due to acute financial crisis. Consequently, faculty members started to leave the college and attendance of patients in OPD/IPD gradually declined. GENET then requested (December 2008) the Government for a loan of Rs.10 crore, as it was unable to provide funds even to meet the recurring expenditure including salaries of staff. The State Government decided to provide an advance of Rs.6.13 crore (the balance amount of soft loan of Rs.25 crore) and executed another supplementary agreement on 16 January 2009, wherein GENET agreed to provide Rs.9.14 crore including matching share of Rs.6.13 crore during February–March 2009. Though the Government deposited Rs.6.13 crore in the joint account in January 2009, GENET failed to keep its commitment, which disrupted the functioning of the college. The Government rescinded the agreement on 23 May 2009, after enduring the failure of GENET to meet the requirement of faculty, infrastructure, clinical matters and financial irregularities for three consecutive academic years.
- A Committee was formed by the Government (May 2009) to assess the total liability consequent upon the rescission of the agreement, which is yet to submit its report (June 2009).
- In the meantime, HUDCO claimed (June 2009) Rs.40.30 crore due as of June 2009 (Principal: Rs.35.44 crore and Interest: Rs.4.86 crore). The amount is payable by the Government as per agreement of GENET with HUDCO mortgaging the property leased to GENET by the Government. The liability on this account as well as other liabilities now lie with the Government.
- The Government has constituted (May 2009) a society under the Societies Registration Act, 1860 for running the Medical College and Hospital.

Thus, the objective of setting up a medical college under public private partnership with GENET faced a premature end due to deficiencies in the PPP agreement and injudicious selection of the firm, as it persistently failed to meet its commitments. Besides, the Government was liable to discharge the burden of debts on account of loan availed of by the firm.

Government stated (September 2009) that financial irregularities in the management of the Medical College were noticed on a number of occasions but the agreement did not spell out maintenance of separate book of accounts for transactions out of the funds received from the Government. There was also no provision in the agreement to impose penalty for not maintaining separate books of accounts and non-compliance with the procedure agreed to by both the parties. Government further stated that the financial irregularities were discussed in the meetings of PSC and failure of GENET did not mean that investment of Rs.25 crore was unfruitful and injudicious because GENET has created assets in the Medical College premises, cost of which was more than the refundable loan of Rs.25 crore provided by the Government.

The Government should

- Establish a mechanism for approval of PPPs in the State providing adequate safeguards in the terms and conditions of the agreements, to ensure protection of Government interest.
- Formulate projects with assistance of legal, financial and technical experts and invite expression of interest.
- Assess the credentials and financial capacity of the private partners before entering into agreements.

PUBLIC WORKS (ROADS & BUILDINGS) DEPARTMENT

2.10 Extra expenditure

Non-compliance of MPLADS guidelines and procedural lapses in tendering led to extra expenditure of Rs.29.89 lakh.

Para 2.2 of CPWD Manual, Volume II *inter-alia* provides that no work should be commenced or liability thereon incurred until administrative approval (AA) and expenditure sanction (ES) have been accorded, a properly detailed estimate with design has been sanctioned and allotment of funds made. Guidelines on MPLADS[28] state that Member of Parliament (MP) should recommend eligible works to the district authority, who may then sanction the works and allocate the estimated cost of the work in the year stipulating a time limit for completion.

Scrutiny (January 2009) of records of the Executive Engineer (EE), Agartala Division III revealed that the then MP recommended (January 1997) and instructed the District Magistrate & Collector (DM&C), West Tripura District to release Rs.5 lakh from MPLADS for 'Construction of Tripura Students Health Home' at Melarmath, Agartala to be taken up during 1996-97. The DM&C accorded AA & ES for Rs.5 lakh in March 1997 in favour of Agartala Municipal Council (AMC) for implementation of the project. The work could not begin as no site was available at Melarmath and an alternate site at Jagannath Bari could be identified only in April 1999, on which, AMC spent Rs.3.52 lakh for construction (March – April 2000) of boundary wall. The next MP recommended release of Rs.40 lakh (March 2000) for the same purpose and the DM&C accorded AA&ES for Rs.40 lakh in favour of AMC in March 2000. The AMC prepared (June 2000) a preliminary estimate for Rs.78 lakh but transferred (March 2001), after four years of original sanction, the responsibility of executing the work to Public Works Department (PWD) as per instructions of the latter MP. The AMC had transferred Rs.41.48 lakh[29] to the Division till April 2009.

The EE, Agartala Division III, without any assurance of meeting the deficit, prepared in August 2002, an estimate of Rs.3.32 crore and requested (August 2002) the AMC and not the sanctioning authority i.e., DM&C to accord AA&ES. The Division had also invited (May 2002) tenders for construction of the building portion of a five storeyed (G+4) Students Health Home including internal sanitary and water supply, for Rs.1.95 crore.

Scrutiny of the work revealed the following:

- The offer of the lowest tenderer in the first call (May 2002), who quoted Rs.2.28 crore, was rejected (November 2002) on the ground of higher rate, after delaying much beyond prescribed 40 days. Tenders (January 2003) against the second call (November 2002) were also rejected (February 2004) after 13 months in view of the expiry of the tender.

[28] Member of Parliament Local Area Development Scheme.
[29] Rs.15 lakh in April 2002 and Rs.26.48 lakh in January 2006.

- Citing limitation of funds, a modified detailed estimate for Rs.1.19 crore for construction of a single storeyed building with five storeyed foundation was technically approved (September 2004) and without obtaining AA&ES for additional funds, work order was issued (January 2006) on 3rd call of tender to the lowest tenderer at a negotiated amount of Rs.1.57 crore stipulating 18 months for its completion.
- The work commenced in March 2006 and was completed in December 2007 and Rs.1.56 crore was paid to the contractor in August 2008. Balance expenditure of Rs.1.15 crore (Rs.1.56 crore – Rs.0.41 crore) was met out of State fund**s.**

Thus, non-compliance to MPLADS guidelines and codal provisions in ensuring availability of funds, procedural lapses in tendering process and lackadaisical attitude of the departments led to the failure to construct a full-fledged Students Health Home even after 12 years since the first sanction and resulted in extra expenditure of Rs.29.89 lakh due to acceptance of higher rates for certain items as compared to the first tender.

Government stated (September 2009) that the first call was rejected (November 2002) as the rates quoted was found higher and the tender in the second call was rejected (February 2004) as Work Advisory Board (WAB) decided to defer the project to examine the aspect of funding it under MPLAD Scheme. It further stated that it was decided later, considering the limitation of MPLAD funds and necessity of Students Health Home, to construct a single storeyed building with five storeyed foundation and to provide State funds to bridge the gap between sanctioned MPLAD funds and the revised estimated cost of Rs.1.19 crore. Government also stated that the work was successfully completed to achieve the Government's aims/objectives of establishing Students Health Home in the State. It further stated that the extra cost of Rs.29.89 lakh was due to increased cost of materials during the period from 2002 to 2006.

The Government, therefore, accepted that the present Students Health Home was a truncated version and the cost escalation was solely due to lapse of time.

Blocking of funds/Idle expenditure

PUBLIC WORKS (ROADS & BUILDINGS) DEPARTMENT

2.11 Idle expenditure

Delay in paying bills, defective construction due to lack of adequate supervision and the Department's inaction against the contractor resulted in a bridge remaining incomplete over five years leading to an idle expenditure of Rs.1.50 crore.

The Public Works Department accorded (19 December 2002) administrative approval and expenditure sanction of Rs.4.55 crore for "Construction of permanent bridge over river Manu at Kanchanbari" under NABARD funding. Work order was issued to a firm[30] in May 2004 at a negotiated tendered value of Rs.4.50 crore (24.76 *per cent* above the estimated cost of Rs.3.60 crore) with the approval of Works Advisory Board (December 2003) and the work was stipulated to be completed by May 2006. There was a delay of 237 days in finalising the tender as against the permissible limit of 40 days.

Scrutiny (November–December 2008) of records of the Executive Engineer, Kumarghat Division (R&B) revealed that the work had commenced in June 2004 but was yet to be completed (July 2009) despite the lapse of five years from the issue of work order. The work was suspended since March 2008 with a financial progress of only 32 *per cent* (excluding value of deviated quantity of Rs.10.93 lakh). The physical progress was assessed at 61 *per cent* of the substructure work only. The superstructure work (valuing Rs.2.17 crore) was yet to be taken up. The time overrun was attributable to the following:

- Seven to nine months' delay by the Department in paying the 1st RA bill, submitted in May 2005 on the ground of non-availability of funds despite several requests by the contractor, who took refuge in it for slow progress of the work.
- Intermittent suspensions of work by the contractor and extension of time allowed by the Department without recording in hindrance register.
- Defective construction due to lack of supervision by the Departmental Officers. The contractor also did not deploy qualified engineer for supervision of the work as was required under the Rules.
- Inaction against the contractor and non-rescission of the contract.

The firm was paid Rs.1.50 crore (upto 5th RA bill in March 2008). The 6th RA bill for a total value of Rs.1.56 crore, submitted on 25 March 2008, was not finalised as of July 2009.

[30] Bhartia Associates Private Limited, Guwahati.

The Department made several requests asking the firm to complete the work from April 2006 (i.e. one month before scheduled date of completion). The Division detected (April 2006 and July 2008) that the well piers were not constructed (No.1 and 3) as per prescribed specification and had tilted and shifted. The Department, however, was yet to assess the extent of damage and consequent financial implication for restoration of the defective well piers, and did not take any action against the contractor.

Thus, initial delay in paying RA bills, defective construction due to lack of adequate supervision and inaction of the Department in taking timely action against the firm resulted in the bridge remaining incomplete for over five years leading to an idle expenditure of Rs.1.50 crore.

Government, while accepting (October 2009) the delay attributed it to natural hindrance *viz.* stoppage of sinking and casting of well piers during April to September every year due to rise of river water caused by heavy rainfall. It further stated that the problem had been almost overcome and the work was progressing well.

Regularity Issues

INFORMATION, CULTURAL AFFAIRS AND TOURISM DEPARTMENT

2.12 Non-implementation of three rural tourism projects

Non-availability of sites despite certifying availability at the time of obtaining GOI sanction and change of executing agencies resulted in non-implementation of three rural tourism projects even after 20 months of receipt of funds (Rs.98.32 lakh) with the risk of cost overrun.

Against three project proposals for development of rural tourism at Durgabari, Devipur and Malaynagar, sent in August 2006 by the Information, Cultural Affairs and Tourism Department, the Government of India sanctioned (September-October 2007) Central Financial Assistance (CFA) of Rs.1.23 crore and released Rs.98.32 lakh. The GOI accorded sanction for the projects on the basis of Land Availability Certificates provided by the State Government. The sanction order *inter alia* stipulated the following conditions:

- The State Government should utilise the funds within six months and in case it cannot do so, the funds will have to be surrendered to Central Government.
- The State Government should furnish statement of progress of work and expenditure incurred to the GOI bimonthly. The final instalment of 20 *per cent* will be released on submission of utilisation and completion certificates from the concerned executing agency.
- The project should be commissioned within a maximum period of 12 months from the date of release of first instalment and any cost escalation on account of delay etc. would be borne by the State Government.

Scrutiny (January 2009) of records of the Director, Tourism Department revealed that the funds of Rs.98.32 lakh were received during September - October 2007 and kept in savings bank account of the DDO of the Department. Initially, the project at Devipur was to be implemented by the Tripura Housing and Construction Board (TH&CB), Agartala, a Government of Tripura enterprise and those at Durgabari and Malaynagar, by the Rural Development Department. Subsequently (December 2007 and January 2008), it was decided that all the projects would be implemented by the Rural Development Department. In September 2008, the Director, Tourism Department placed Rs.98.32 lakh with the DM & Collector, West Tripura District, who in turn placed the funds with the Executive Engineer, Rural Development Division. The Executive Engineer had kept the amount in his Savings Bank account.

As of June 2009, the work of Durgabari project (commenced in March 2009) was in progress. However, works on the other two projects were not taken up, since land was not available. The Department in the intervening period did not furnish the bimonthly progress of works and utilisation certificates to the GOI. Though funds remained unutilised for more than 20 months as of June 2009, the Department neither obtained approval of GOI for retention of funds beyond six months nor surrendered the funds as per the terms and conditions of the sanction, the GOI also did not release the balance Rs.24.59 lakh.

Thus, non availability of sites, despite certifying availability at the time of obtaining GOI sanction and lack of prompt initiative resulted in non-implementation of three Rural Tourism projects even after 20 months of receipt of funds (Rs.98.32 lakh) with risk of cost overrun.

The Director stated (July 2009) that delay in placement of funds was due to change of executing agencies who prepared estimates beyond the sanctioned amount, and the Rural Development Division, being heavily loaded with their own work could not take up the works of the projects. The reply is only partially correct as the primary reason for delay was non selection of sites which were not selected by the Executive Engineer, Rural Development Division even till deposit of the funds in his SB account and the flip flop with the executing agencies.

The Government stated (September 2009) that two-third of the work of Durgabari project had been completed, the work of Devipur project was in progress (20 *per cent* work done) and demarcation of land for Malaynagar project had been done on 1 September 2009. Fact, however, remained that the intended benefits from the projects were not achieved despite receipt of financial assistance from the GOI.

AGRICULTURE DEPARTMENT

2.13 Non-achievement of scheme objectives

Lack of effective and timely action by the Department resulted in non-setting up of three seed processing plants for paddy and non-recovery of Rs.16.05 lakh even after the lapse of 45 months since allocation of funds.

Under a Centrally Sponsored Scheme (CSS) 'Integrated Cereal Development Project,' the Agriculture Department allotted (September 2005) Rs.1.07 crore[31] to the Executive Engineer (EE), Mechanical, Agriculture Department, Agartala. The amount was drawn by the EE in five grants-in-aid bills in March 2006 and kept in his current deposit (CD) account with State Bank of India, TLA House Branch, Agartala.

One of the components of the scheme was setting up three seed processing plants (Paddy) at Bikhora, Udaipur and Kumarghat. Three work orders[32], were issued to a Kolkata based firm[33] in November 2006 for supply and commissioning of the equipment at the lowest tendered value of Rs.64.26 lakh. The work was stipulated to be completed by 31 March 2007. The EE paid (November 2006) Rs.16.05 lakh to the firm as advance, as per the conditions of the contract against Bank Guarantees (BGs) which were valid upto 23 February 2007.

Scrutiny (May-June 2009) of records of the EE revealed that the firm did not start the work and advance road permits were issued only in November 2007 i.e. eight months after the expiry of the time for completion of the work. The Department, however, neither issued direction to the firm to complete the supply as per the contract nor issued notice to the firm for expediting the work. Instead, the Department extended in different spells the time for completion upto 31 March 2008. The work was finally cancelled on 27 February 2009. In the meantime, the BGs had lapsed as the firm did not extend them despite repeated requests of the Department. The amount of Rs.16.05 lakh, advanced to the firm could not be recovered (June 2009) as the BGs have lapsed. Besides, the purpose of establishing three seed processing plants of paddy in the State remained unachieved.

Thus, lack of effective and timely action by the Department resulted in non-recovery of Rs.16.05 lakh. Besides, the objectives of the scheme remained unfulfilled even after the lapse of 45 months since allocation of funds.

While accepting the facts, the Government stated (October 2009) that an FIR had been lodged against the concerned firm and tenders for completion of the works had been invited in June 2009.

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[31] Rs.64.26 lakh for supply, installation and commissioning; Rs.24.87 lakh for electrification works, additional accessories etc. and Rs.18.24 lakh for water supply, sanitary facilities etc.

[32] Work orders: Project planning, design and commissioning on turnkey basis for the Seed Processing Plants (Paddy) at Bikhora - 1, (One TPH capacity), Udaipur - 1 (½ TPH capacity) and Kumarghat -1 (½ TPH capacity), @Rs.21.42 lakh each.

[33] Suman Group of Industries.

RURAL DEVELOPMENT DEPARTMENT

2.14 Irregular drawal of funds

Non-compliance of provisions of financial rules by the BDOs in drawal and disbursement of funds resulted in Rs.17.19 crore remaining undisbursed/unadjusted for four months to more than five years risking misuse including misappropriation of Government money. Besides, random disbursement of advances to implementing officers has also resulted in Rs.10.36 crore remaining outstanding for long period.

Drawing funds from the Government account through Abstract Contingent (AC) bills and fully vouched contingent (FVC) bills for contingent charges is allowed subject to general limitations. According to provisions of the Central Treasury Rules (CTRs)[34], the authority is required to ensure that money is drawn when it is required for immediate disbursement, all charges actually incurred are paid and drawn at once and not allowed to stand over, and money is not drawn in anticipation of demand or to prevent lapse of budget grant. Rule 27 of the Delegation of Financial Power Rules, Tripura (DFPRT), 2007, stipulates submission of detailed countersigned contingent (DCC) bills to the controlling officer (CO) within 60 days of the drawal of AC bills for onward submission to Accountant General by the CO within a month.

Scrutiny of records of 14[35] Block Development Officers (BDOs) revealed that the BDOs violated the provisions of the CTRs and DFPRT during drawal and disbursement of Government funds through FVC and AC bills relating to implementation of various schemes.

(a) Fully vouched contingent bills

Eight BDOs drew (March 2007 to October 2008) Rs.2.42 crore relating to various works/schemes through 149 FVC bills, without the charges having actually been incurred, violating the mandatory requirement of drawal of such bills. The amounts were drawn and credited into BDOs' bank accounts and disbursements were subsequently carried out for prolonged periods.

As of March 2009, Rs.1.44 crore (60 *per cent*) remained undisbursed even after the lapse of five to 24 months, due to non-execution/part execution of the works. The premature withdrawal of funds, parking it in Current Deposit accounts, incurring expenditure subsequently over prolonged periods, exhibiting it as final expenditure in the accounts and reporting incorrect figures of expenditure against works/schemes, indicated weak expenditure control with the risk of malpractice including misappropriation of Government money.

The BDOs stated that since March 2009 they had disbursed Rs.1.33 crore (September 2009).

[34] Rules 286, 287, 289, 290, 295 etc.
[35] Chowmanu, Mohanpur, Salema, Khowai, Jampuijala, Teliamura, Boxanagar, Kakraban, Satchand, Manu, Mungiakami, Bakafa, Bishalgarh and Jirania.

(b) Abstract contingent (AC) bills

Scrutiny (April 2008 to June 2009) revealed that BDOs were drawing AC bills as a matter of routine. Out of Rs.18.78 crore drawn in 3,184 AC bills during 2004-09 by 10[36] BDOs, Rs.15.75 crore against 2,541 AC bills remained unadjusted and DCC bills were not submitted though four months to more than five years have lapsed as of July 2009, which violated the provision of the financial rules. The AC bills were drawn mainly for implementation of different schemes and were booked as expenditure, whereby substantial amount of the bills remained either unspent with the implementing agencies or in bank accounts resulting in compromising the correctness of accounts. Besides, such lack of control over submission of DCC bills weakens financial control and could lead to financial malpractice, if not appropriately monitored.

The BDOs stated that as of September 2009, they had submitted DCC bills for Rs.6.83 crore to the Controlling Officers. Cross check of records of VLC[37], however, revealed submission of 16 DCC bills for Rs.7.81 lakh relating to BDO, Khowai by the Controlling Officer to the Accountant General (Accounts and Entitlement), Tripura.

(c) Outstanding advances with Implementing Officers (IOs)

Scrutiny (April 2008 to March 2009) of 13[38] BDOs revealed that out of advances (Rs.11.98 crore) paid to various implementing officers (IOs) for implementation of works/schemes, adjustment of Rs.10.36 crore relating to the period from December 2004 to March 2009 were outstanding as of July 2009.

It was observed that the BDOs had been randomly disbursing advances to the IOs for implementation of various schemes without ascertaining whether adjustments against previous advances were submitted. Time schedules for completion of works wherever fixed, were also not being adhered to. Such random and unmonitored disbursement of advances is fraught with the risk of misuse of Government funds and uncertainty of completion of the works/schemes.

The BDOs stated that as of September 2009, adjustments for Rs.7.27 crore had been submitted by the IOs.

Thus, non-compliance of provisions of financial rules by the BDOs in drawal and disbursement of funds resulted in Rs.17.19 crore[39] remaining undisbursed/unadjusted for four months to more than five years risking misuse including misappropriation of Government money. Besides, random disbursement of advances to implementing officers has also resulted in Rs.10.36 crore remaining outstanding for long periods.

This matter was reported to the Government in August 2009; reply had not been received (October 2009).

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[36] Chowmanu, Mohanpur, Salema, Khowai, Satchand, Jampuijala, Manu, Bakafa, Bishalgarh and Jirania.

[37] Voucher Level Computerisation, maintained in the office of the AG (A&E), Tripura.

[38] Chowmanu, Mohanpur, Salema, Khowai, Jampuijala, Teliamura, Boxanagar, Kakraban, Manu, Mungiakami, Bakafa, Bishalgarh and Jirania.

[39] Rs.1.44 crore + Rs.15.75 crore.

General

CIVIL, POWER AND PUBLIC WORKS DEPARTMENTS

2.15 Outstanding Inspection Reports

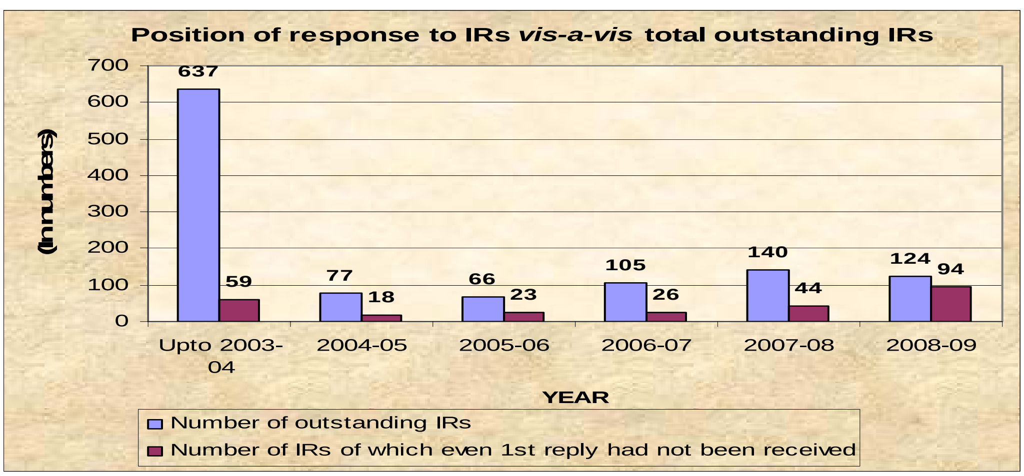
First reply for 264 out of 3,282 Inspection Reports issued during 1991-92 to 2008-09 were not furnished by the Civil, Power and Public Works Departments within the stipulated period.

Audit observations on financial irregularities and deficiencies 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 and Power Departments is discussed below.

3,282 paragraphs included in 1,149 IRs issued upto 2008-09 were pending settlement as of June 2009. Of these, even the first reply had not been received in respect of 264 IRs in spite of repeated reminders. The year-wise break up of the outstanding IRs and the position of response thereto is given in the chart below:

Chart No. 2.15.1



As a result, the following important irregularities commented upon in these IRs, had not been addressed as of June 2009.

Table No. 2.15.1

Nature of irregularities	Number of cases	Amount involved (*Rupees in crore*)
Excess/Irregular/Avoidable/Unfruitful/Wasteful /Unauthorised/Idle expenditure	92	42.02
Blocking of funds	45	19.26
Non-recovery of excess payments/overpayments	129	18.97
Others	1137	390.99
Total	**1403**	**471.24**

2.15.1 Departmental audit committee meetings

During 2008-09, fourteen Audit Committee meetings were held, in which, 37 IRs and 246 paragraphs were settled.

2.15.2 Outstanding Inspection Reports of Local Bodies

As of September 2009, 186 paragraphs included in 27 IRs issued between 2004-05 and 2008-09 to the local bodies/authorities were pending settlement.

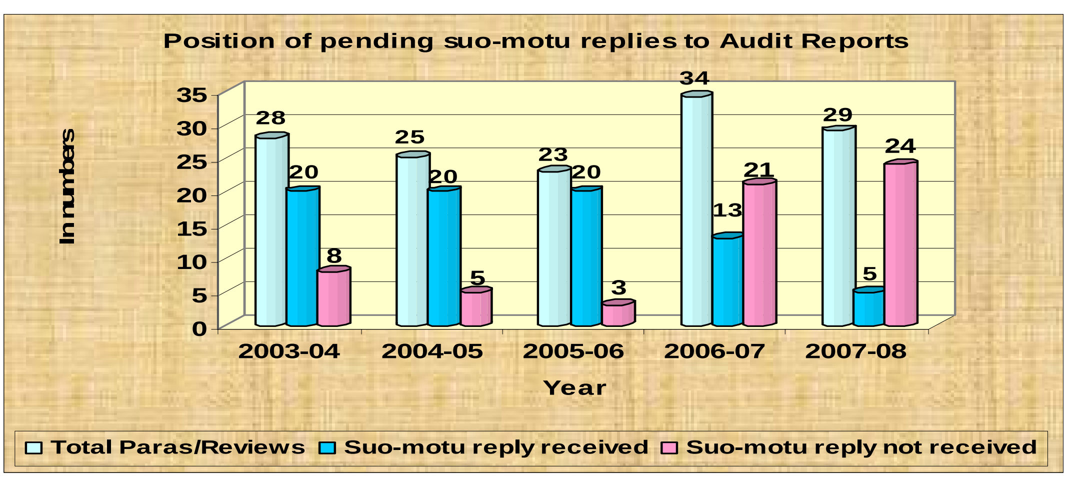
2.16 Follow up action on earlier Audit Reports

2.16.1 Non-submission of explanatory notes

Serious irregularities noticed in audit are included in the Reports of the Comptroller and Auditor General of India (Audit Reports) that are presented to the State Legislature. According to the instructions issued by the Finance Department, Government of Tripura in July 1993, the Administrative departments are required to furnish explanatory notes on the paragraphs/reviews included in the Audit Reports within three months of their presentation to the Legislature.

It was noticed that in respect of Audit Reports from the years 1988-89 to 2007-08, 20 Departments did not submit explanatory notes on 112 paragraphs and 23 reviews as of September 2009. The position of *suo motu* replies during the last five years is shown in the chart below.

Chart No. 2.16.1



The departments largely responsible for non-submission of explanatory notes were Power, Public Works (R&B) and Transport.

2.16.2 Response of the departments to the recommendations of the Public Accounts Committee (PAC)

Finance Department, Government of Tripura issued (July 1993) instructions to all departments to submit Action Taken Notes (ATN) on various suggestions, observations and recommendations made by PAC for their consideration within six months of presentation of the PAC Reports to the Legislature. The PAC Reports/Recommendations are the principal medium by which the Legislature enforces financial accountability of the Executive to the Legislature and it is appropriate that they elicit timely response from the departments in the form of Action Taken Notes (ATNs).

As of September 2009, out of 594 recommendations of the PAC, made between 1988-89 and 2005-06, ATNs in respect of 354 recommendations had been submitted to the PAC, who had discussed these. Of the remaining 240 recommendations, the concerned administrative departments are yet to submit ATNs for 155 recommendations. Of these 74 recommendations were due from two departments (*viz* Public Works Department and Agriculture Department).

2.16.3 Monitoring

The following Committees have been formed at the Government level to monitor the follow up action on Audit Reports and PAC recommendations.

Departmental Monitoring Committee

Departmental Monitoring Committees (DMCs) have been formed (April 2002) by all departments of the Government under the Chairmanship of the Departmental Secretary to monitor the follow up action on Audit Reports and PAC recommendations. The DMCs were to hold monthly meetings and send Progress Reports on the issue every month to the Finance Department.

The details of DMC meetings held during 2008-09 are awaited (September 2009) from the Finance Department.

Apex Committee

An Apex Committee has been formed (April 2002) at the State level under the Chairmanship of the Chief Secretary to monitor the follow up action on Audit Reports and PAC recommendations.

The details of Apex Committee meetings held during 2008-09 are awaited (September 2009) from the Finance Department.

CHAPTER III: INTEGRATED AUDIT

3.1 Fisheries Department

The Fisheries Department is responsible for development of inland fisheries to increase productivity of fish by imparting technical support to the fish farmers and developing infrastructure for fish farming. The Department formulated a production oriented Revised Perspective Plan (RPP 2004-2012) with the objective of increasing the productivity to 3,050 kg per hectare per year and attaining self sufficiency in production of fish by bridging the gap between demand and supply by 2011-12. An integrated audit of the functioning of the Department at the end of the 5th year of implementation of the RPP was an attempt to highlight the areas and issues, which need to be addressed for successful achievement of the objectives of the Department.

The method used by the Department to quantify production was unreliable and was prone to errors.

(Paragraph 3.1.7.2)

Production target projected in the Perspective Plan was based on lower average productivity of 1,865 kg per hectare per annum compared to over 3,500 kg per hectare per annum productivity in private sector.

(Paragraph 3.1.9.1)

Discrepancies noticed between the production records of fish farmers/Self Help Groups/Matshya Samabay Samities and departmental survey records and the method adopted for assessment casts doubt about the departmental claim relating to the achievement of production targets.

(Paragraph 3.1.9.3)

Results of soil, water and fish feed reported by the samples tested in the testing laboratories showed unfavourable water and soil conditions and supply of substandard fish feed.

(Paragraphs 3.1.11.2 and 3.1.11.3)

Due to poor management and lack of supervision, 34 *per cent* of Fishermen Cooperative Societies were dormant and 35 *per cent* were running in loss.

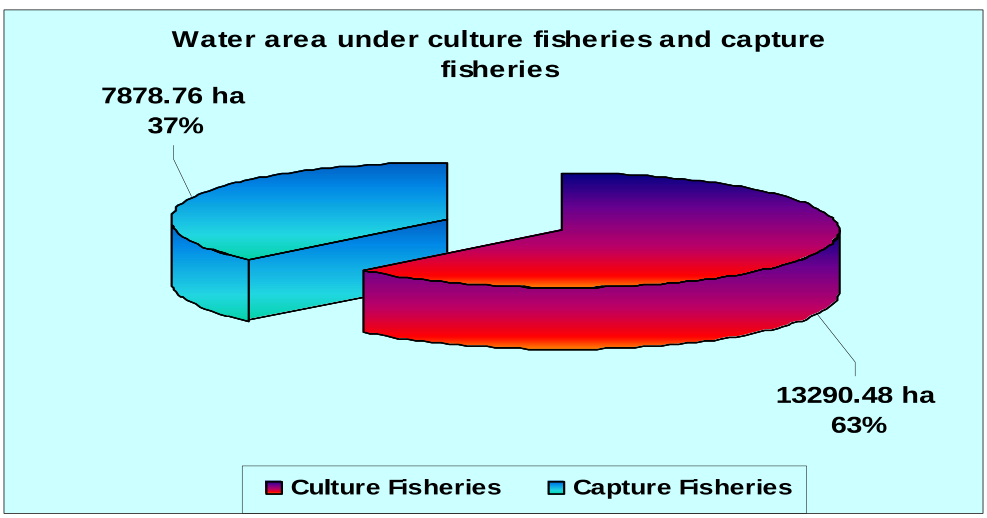
(Paragraph 3.1.14)

3.1.1 Introduction

Fisheries Department deals with development of inland fisheries in three different sectors *viz.* Government Sector, Cooperative Sector and Private Sector. Fish, a staple food (including dry fish) is very popular in the State and is being consumed by about 95 *per cent* of the population on a regular basis. At the beginning of 2004, the State had an aqua-resource of 21,169.24 hectares (ha) (Culture fisheries[1]: 13,290.48 ha and Capture fisheries[2]: 7,878.76 ha). The Government Sector constituted 98.7 *per cent* of capture and 5.9 *per cent* of culture fisheries while the remaining 1.3 *per cent* capture fisheries and 94.1 *per cent* culture fisheries were in Private (12,324.57 ha) and Cooperative (181.91 ha) sectors. The total production of fish during 2003-04 was 17,980 MT.

The total water area under culture fisheries and capture fisheries is depicted in **Chart No. 3.1.1**. Distribution of water area under culture fisheries between Government, Private and Cooperative Sectors is given in **Chart No. 3.1.2** and distribution of water area under capture fisheries between the Government and Private Sectors is shown in **Chart No. 3.1.3** below:

Chart No. 3.1.1



[1] Culture fisheries are fisheries where human intervention contribute in rearing and growing fish.
[2] Fisheries where fishes breed naturally are available for capture by humans are called Capture fisheries.

Chart No. 3.1.2

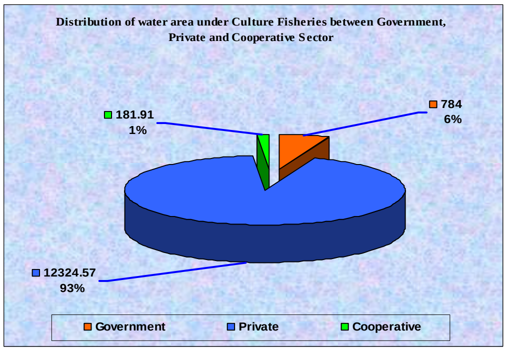
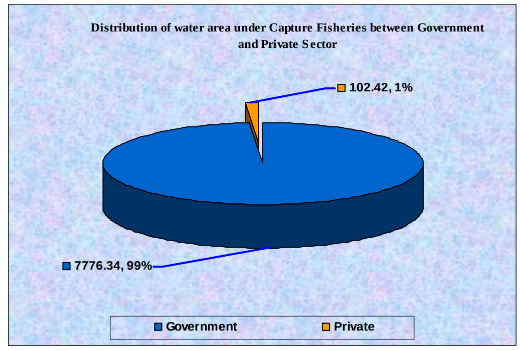


Chart No. 3.1.3



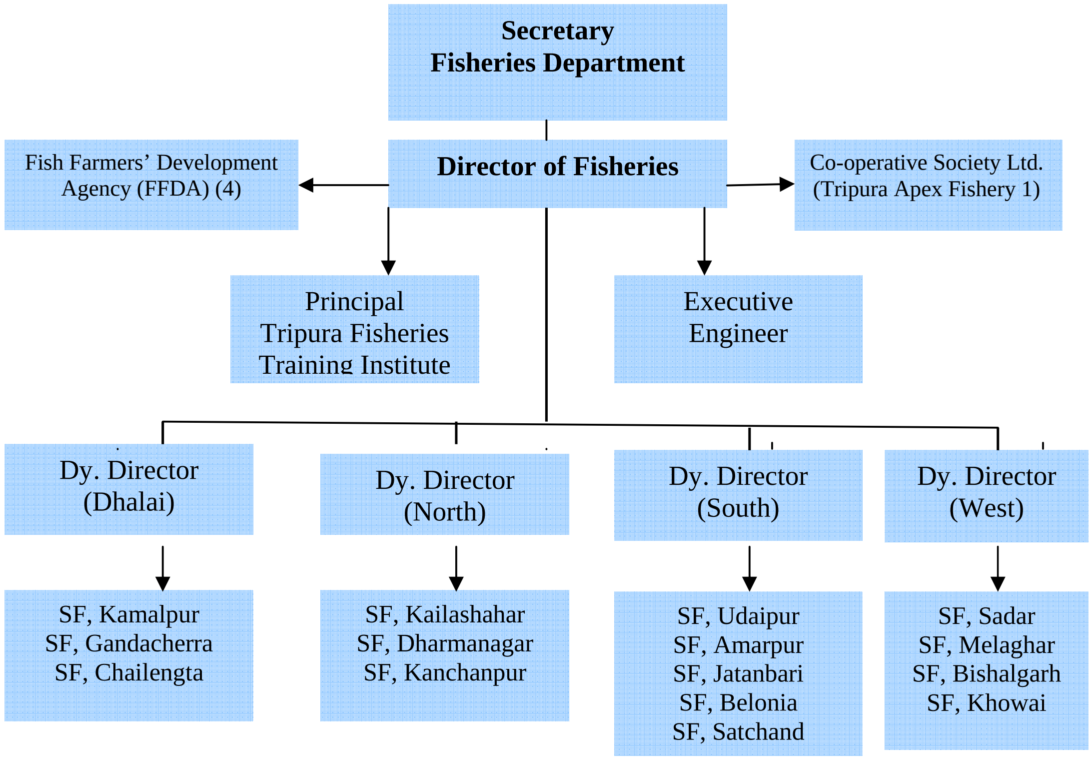
The gap between the requirement[3] (40,656 MT) and actual production was 22,676 MT as per the Perspective Plan of the Department. In view of the importance of fisheries in public life both in respect of nutritional requirement and potential employment generation, the Department framed a Revised Perspective Plan (2004-05 to 2011-12) for development of fisheries with the objective of making the State self-sufficient in fish production by 2012. Towards this objective, the Department initiated various production oriented fishery development schemes (State Plan Schemes/Centrally Sponsored Schemes/North East Council Schemes) during the review period.

3.1.2 Organisational Set-up

Fisheries Department comprises 15[4] sub-divisions spread over all four districts in the State. These sub-divisions, headed by Superintendent of Fisheries (SF), are supervised by four Deputy Directors of Fisheries (DDF) at the District level under the control of the Director, Fisheries Department. The Department is headed by a Secretary who is the administrative head. The organogram of the Department is given below:

[3] Calculated @13 kg per capita consumption per annum.
[4] West Tripura District: SF-4 (Sadar, Melaghar, Bishalgarh, Khowai); North Tripura District: SF-3(Kamalpur, Dharmanagar, Kanchanpur); South Tripura District: SF-5 (Udaipur, Amarpur, Jatanbari, Belonia, and Satchand); Dhalai District: SF-3(Ambassa, Gandacharra and Chailengta).

Chart No. 3.1.4



3.1.3 Scope of Audit

The integrated audit was carried out during May-July 2009 and covered the activities of the Department during the period 2004-09. Out of 21 units, records of nine[5] units (Directorate and eight field offices in West Tripura and South Tripura district) selected by stratified monetary unit sampling method, were scrutinised. Out of 20 Schemes (eight State Plan Schemes, nine Centrally Sponsored Schemes (CSS) and three North Eastern Council (NEC) Schemes), five Schemes[6] (two State Plan Schemes, two CSS and one NEC) were selected for detailed review.

3.1.4 Audit Objectives

The audit objectives were to assess the performance of the Department in the following areas:

- Planning
- Budgetary and Financial Management

[5] (i)Directorate (ii) Dy. Director, West (including FFDA) (iii) Dy. Director, South (including FFDA) (iv) SF, Sadar, (v) SF, Bishalgarh (vi) SF, Khowai (vii) SF, Udaipur (viii) SF, Belonia (ix) Principal, TFTI.

[6] State Plan Schemes: (i) Scheme for Comprehensive Programme to increase Level of Fish Productivity, (ii) Scheme for Extension, Information, Education & Training; Centrally Sponsored Scheme: (i) Scheme for Development of Inland Fisheries & Aqua-culture (FFDA) and (ii) Scheme for National Welfare of Fishermen Families; North Eastern Council (NEC) Scheme: (i) Popularisation & Propagation of Prawn Culture.

- Programme Implementation
- Material Management
- Human Resource Management
- Monitoring and Internal Audit.

3.1.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- Perspective Plan, Annual Plans and Work Plans
- General Financial Rules
- Central Treasury Rules
- Delegation of Financial Power Rules, Tripura, 2007
- Departmental policies/rules and regulations
- Scheme Guidelines
- Procedures prescribed for monitoring and evaluation.

3.1.6 Audit Methodology

An entry conference was held on 4 May 2009, with the Secretary, Fisheries Department, wherein the audit objectives, scope and criteria were explained. Records of the selected units were scrutinised with reference to audit objectives and criteria. Replies furnished by the Department to audit memos/requisitions, departmental publications, records of the Department and data collected through questionnaires were used as evidence.

Exit conference was held on 20 August 2009, with the Secretary, Fisheries Department. The results of discussion have been incorporated in the report at appropriate places.

3.1.7 Planning

3.1.7.1 Perspective Plan

The Department prepared a Perspective Plan (2001-02) covering the period 2002-12. The plan was subsequently revised in 2003-04 to cover the period 2004-12. The revision was necessitated due to the realisation by the Department that it had erred in computing the data on available resources and production based on which the Perspective Plan was formulated.

As of April 2004, the per capita production of fish was 5.5 kg against the nutritional requirement of 11.1 kg per annum (as prescribed by the National Commission of Agriculture 1976 and accepted by the World Health Organisation). Taking into consideration the 95 *per cent* fish eating population in the State, the Department formulated the Revised Perspective Plan (RPP) with the main objective of bridging the gap between the demand and supply (22,676 MT during 2003-04) and to achieve self-sufficiency in fish production for its expected population of 37.29 lakh[7] by 2011-12 (46,843 MT with productivity of 3,050 kg per hectare per year and an average consumption of 13 kg per capita per year). Employment generation through development of fisheries and its allied activities was the other objective envisaged in the Perspective Plan. To achieve these objectives, the following programmes were formulated in the RPP (2004-12) for implementation:

- Increase in fish productivity
- Fisheries extension
- Strengthening of fisheries Department
- Development of fisheries of Open Water bodies
- Reclamation of water bodies
- Development of post harvesting facilities
- Development of Fisheries Co-operatives.

The requirement projected in the Perspective Plan to attain self-sufficiency in fish production by 2012 was based on a fixed per capita annual consumption of 13 kg. The achievements under the above programmes *vis-à-vis* the objective set in the Perspective Plan are discussed in the report under programme implementation.

The year-wise requirement of funds as estimated in the Perspective Plan from all sources during the period covered in audit were as under:

Table No. 3.1.1

(Rupees in crore)

Year	Department's own Budget	Centrally Sponsored Schemes	Other Departments including ACA[8] & NEC	Non-Government Source	Total
2004-05	1.54	1.61	5.76	3.17	12.08
2005-06	2.00	1.35	5.95	3.40	12.70
2006-07	2.31	1.13	5.88	3.54	12.86
2007-08	2.07	0.54	6.00	3.74	12.35
2008-09	2.28	0.50	6.19	3.96	12.93

Source: Perspective Plan

3.1.7.2 Preparation of Annual Action Plan (AAP)

(i) Achievements of the preceding year were not recorded in the AAPs. Therefore, the unachieved targets of previous year, stated to have been assessed and included in the subsequent AAPs were not clearly projected.

(ii) The development of post harvesting facilities as flagged in the Perspective Plan was not addressed during the last five years. Though an initiative was noticed in

[7] Calculated at a growth rate of 1.57 *per cent* per annum on the State's population of 31.91 lakh estimated in the Census-2001.

[8] ACA: Additional Central Assistance.

the Annual Plan for 2005-06, the items were substantially different than that of the Perspective Plan as discussed in details at paragraph 3.1.13.

(iii) No scientific/rational method was used to quantify production of fish in the State. Survey was conducted by the Fisheries Department by collection of door to door data on fish production. Fishery Assistants visited the fish farmers and recorded the harvested quantity through verbal discussion. The anticipated stock in the tanks/ponds etc. was then added to the harvested quantity to arrive at the production for the year. The Government confirmed that in the absence of any scientific method in the country, the Department had to depend only on such methods.

The method adopted by the Department was not rational and therefore the claim of production was not reliable as discussed in a succeeding paragraph.

(iv) The reliability and correctness of the data was not assured as no mechanism exists to cross check and validate the data collected by the Fishery Assistants. The Government stated (September 2009) that the data so collected was cross-checked at every level (Panchayat, Block, Sub-Divisional and at District level). The claim of the Government, however, could not be substantiated as these were not documented in any of the nine units test-checked in audit.

3.1.8 Financial Management

3.1.8.1 Budgeting

The Department prepares the budget (both Plan and Non-Plan) on the basis of the expenditure ceiling fixed in advance by the Finance Department. Plan budget is prepared in consultation with the Planning and Coordination Department. The provision made in the budget during the last five years ranged from about Rs.11 crore to Rs.21 crore under Revenue Account and Rs.0.01 crore to Rs.1.83 crore under Capital Account as detailed in the table below:

Table No. 3.1.2

(Rupees in crore)

Year	Budget Provision			Expenditure	Expenditure on Salary (Percentage of Salary to Revenue Expenditure)
	Original	Supple-mentary	Total		
Revenue					
2004-05	10.33	0.90	11.23	11.09	8.32(75)
2005-06	12.22	0.56	12.78	11.76	8.54(73)
2006-07	15.75	---	15.75	14.19	9.11(64)
2007-08	17.06	1.11	18.17	16.88	8.71(52)
2008-09	20.00	1.13	21.13	18.73	11.39(61)
Total	**75.36**	**3.70**	**79.06**	**72.65**	
Capital					
2004-05	0.78	0.37	1.15	0.07	--
2005-06	1.83	---	1.83	1.19	--
2006-07	0.57	0.14	0.71	0.68	--
2007-08	0.02	--	0.02	--	--
2008-09	0.01	--	0.01	--	--
Total	**3.21**	**0.51**	**3.72**	**1.94**	--

Source: Appropriation Accounts, Grant No.26, Budget documents and VLC.

Scrutiny revealed several deficiencies in financial management indicating poor budgeting and weak expenditure control as discussed below:

(i) As can be seen from the above table, there were persistent savings in Capital Account during all the years. This was primarily due to booking the expenditure of capital nature in Revenue Account. During the years 2006-09, Rs.1.25 crore, Rs.1.20 crore and Rs.1.19 crore were utilised from Revenue Account for construction of office buildings, laboratory buildings, training centres, market sheds, godowns etc.

(ii) Original budget provisions were augmented with supplementary provisions unnecessarily even when expenditure did not exceed the original provision on Capital Account (2004-05) and on Revenue Account (2005-06 and 2007-09).

(iii) The expenditure on Salary constituted 52 to 75 *per cent* of the revenue expenditure during 2004-09.

(iv) The Expenditure Control Register, maintained in the Directorate, recorded monthly expenditure sub-head-wise without mentioning the allocation of funds and was not suitable to monitor the excess/savings under a sub-head and to exercise control over expenditure. The reasons for such savings and excess expenditure were not on record.

3.1.8.2 Drawal of funds

According to the Delegation of Financial Power Rules, Tripura, 2007, the Heads of the Offices were empowered to accord administrative approval and expenditure sanction in respect of approved Plan and Non-Plan schemes/works for Rs.1.00 lakh and Rs.0.50 lakh respectively and SFs were authorised to draw Rs.0.30 lakh in a single abstract contingent (AC) bill. Scrutiny of records of Superintendent of Fisheries, Sadar and Udaipur revealed violation of the above provision as detailed below:

(i) The Superintendent of Fisheries, Sadar received a fund of Rs.20 lakh (March 2009) for development of basic infrastructure to promote fishery sector under Rashtriya Krishi Vikas Yojana (RKVY), a State Plan Scheme. The fund was drawn by the SF in four AC bills of Rs.5 lakh each in excess of his financial power. The Government stated (September 2009) that four AC bills were drawn with the permission of the Finance Department. Audit scrutiny revealed that the permission of the Finance Department was for drawal of AC bill and did not authorise the drawing authority to exceed the financial limit prescribed for the purpose. The detailed countersigned contingent (DCC) bills were not submitted as of July 2009.

(ii) Superintendent of Fisheries, Udaipur had drawn Rs.5.84 lakh for procurement of fish feeds from the Tripura Apex Fisheries Cooperative Societies (TAFCS), Agartala by splitting up the amount against 14 expenditure sanction orders of varying amounts within his financial limit, to avoid obtaining the sanction of competent authority. Government admitted the fact and assured to follow the financial provisions in future.

3.1.8.3 Reconciliation with Treasury and Bank

Financial rules require a Drawing and Disbursing Officer/Head of Office to make arrangement for regular monthly reconciliation of remittances to and withdrawals from Government exchequer. None of the nine selected units carried out regular monthly reconciliation with Treasury and Bank.

3.1.8.4 Advances to Implementing Officers (IOs)

Adjustment against advances given to Implementing Officers (IOs) for implementation of different schemes should be submitted immediately after completion of work specified in the work order. Test-check revealed that two SFs[9] advanced Rs.50.62 lakh to nine IOs during November 2007 to May 2009 for carrying out planned activities under "Welfare of Fishermen" and "Reclamation of water bodies/ponds". The advances remained unadjusted as of August 2009, due to slow progress of works though the works were scheduled to be completed within 30 to 60 days. No action was taken by the SFs against the defaulting IOs. The Government stated (September 2009) that adjustment bills would be submitted as soon as the work is complete.

3.1.8.5 Abstract Contingent Bills

Rule 27(11) of the Delegation and Financial Power Rules, Tripura, 2007 provides that AC bill should be adjusted within 60 days by submitting the detailed countersigned contingent (DCC) bills to the Controlling Officer for his countersignature and onwards transmission to the Accountant General.

Scrutiny revealed that in respect of 15 DDOs (Directorate and 14 SFs), DCC bills against the drawal of 596 AC bills for Rs.2.17 crore drawn during 2007-09 were lying outstanding as of June 2009. Out of these, 75 AC bills involving Rs.0.15 crore were more than one year's old.

Non-submission of adjustment bills in time and failure in enforcing strict financial discipline by the Department could lead to fraud and misappropriation. The Government in reply (September 2009) stated that the outstanding AC bills are being processed for submission to the Accountant General.

Programme Implementation

3.1.9 Increase in Fish Productivity

3.1.9.1 Fish Production

The RPP envisaged self-sufficiency in production of fish by 2012 through increased production from 20,500 MT in 2004-05 to 46,840 MT by 2012. However, the year-

[9] SF, Udaipur: Advanced Rs.17.24 lakh to 6 IOs during 11/2007 to 03/2009 and
SF, Khowai: Advanced Rs.33.38 lakh to 3 IOs during 07/2008 to 05/2009.

wise production of fish during 2004-09 was far below the requirement as given in Table 3.1.3.

Table No.3.1.3

Year	Requirement as per RPP (in MT)	Actual production (in MT)	Shortfall in MT (percentage in bracket)	Productivity as per RPP kg/ha/year	Actual productivity kg/ha/year
2004-05	41,170	19,838	21,332 (52)	1,479	1,414
2005-06	41,940	23,871	18,069 (43)	1,649	1,650
2006-07	42,600	28,634	13,966 (33)	1,846	1,859
2007-08	43,280	32,830	10,450 (24)	2,059	1,931
2008-09	43,950	36,991	7,430 (17)	2,292	2,074

Source: Departmental records.

The above table shows that although the production increased, the percentage of shortfall with reference to the requirement of fish ranged from 17 to 52 during 2004-09. The anticipated quantum of productivity was also not achieved in 2004-05, 2007-08 and 2008-09. The shortfall was attributed by the Department to acidic nature of soil, non-adoption of scientific method due to high input cost and lack of awareness among the fish farmers.

Scrutiny of two Self Help Groups (SHGs) (Subhashnagar SHG, Jirania, West Tripura District and Sukanta Fishery SHG, Holakhet GP, South Tripura District) revealed that the average rate of productivity achieved by them was more than 3,500 kg per hectare per annum, much higher than the average of 1,865 kg per hectare per annum during 2004-09 taken to tabulate the target projected in RPP.

While there is no recorded reason for the low average productivity, discussion of the audit team with quite a few fish farmers revealed that inadequate technical support, short supply of high yielding fingerlings, unfavourable water and soil conditions, farmer’s inability to use standard fish feeds and pilferage in Government farms are some major factors which hold back the productivity in the State. Audit observed that the average productivity of 1,865 kg per hectare was on the lower side as efficient implementation of various components of the Perspective Plan (as discussed in the succeeding paragraphs) and proper accountability at each level could have yielded higher average production.

In reply the Government stated (September 2009) that different categories of farmers in the State were kept in mind while fixing the target and the instances quoted in audit were progressive farmers only.

3.1.9.2 Dependence on outside supply

In addition to the production within the State, the quantity of fish brought in from outside the State and imported from outside the country plays a significant role in meeting the demand of the local market. The quantum of such inflow was as under:

Table No.3.1.4

(Quantity in MT)

Year	Inflow from other States	Imports from outside the country		Total inflow from outside the State	Requirement as per RPP
		Hilsha Fish	Other varieties		
2004-05	3,239.05	374.11	420.25	4,033.41	41,170
2005-06	5,292.93	816.68	770.95	6,880.56	41,940
2006-07	5,472.30	616.53	1090.21	7,179.04	42,600
2007-08	4,277.16	318.77	4064.08	8,660.01	43,280
2008-09	6,434.60	687.08	4,374.89	11,496.57	43,950

Source: Departmental records and information collected from Custom Department.

The above information may not necessarily give a comprehensive picture relating to availability of fish, as unofficial inflow of fish both from other States and across the porous border is not factored in.

Further, gradual increase in inflow over the years both from outside the State and also from outside the country was indicative of gradual increase in the State's dependence on outside supply rather than approaching towards self-sufficiency. Data collected from the Custom Department and the Tripura Chamber of Commerce confirmed the quantity of import and supply from outside the State as mentioned in the table above. The data on fish inflow affirm that the total quantity of inflow from outside the State increased from 10 *per cent* in 2004-05 to 26 *per cent* in 2008-09 of the total requirement.

3.1.9.3 Doubtful claim of production

Data of fish production in the survey report was computed by taking into account the quantity of fish harvested and the anticipated stock of fish in the ponds on verbal discussion with fish farmers. As anticipated stock of fish in the ponds was taken into account to work out the total production of fish, the production claimed by the Department was only an anticipated quantity. Instances of discrepancies between the production records of the fish farmers/SHG/Matshya Samabay Samities (MSSs) and departmental survey records noticed are detailed below:

Table No. 3.1.5

Name of the SHG/MSS/Fish farmers	Name of SF	Departmental Survey record		Actual position as per the records of the SHG/MSS etc.	
		Water area (in ha)	Production (in kg)	Water area (in ha)	Production (in kg)
Kamaleswari SHG	Bishalgarh	0.96	3,092	0.80	2,552
Ganga Fishery SHG	Do	1.60	2,885	1.60	1,540
Japa SHG	Do	1.21	3,650	1.20	2,500
Amarendra Debbarma	Do	0.16	380	0.16	330
Belonia MSS Ltd.	Belonia	3.13	8,175	3.13	1,095
Radhanagar SHG	Do	5.80	5,680	1.0	252
Chebri MSS Ltd.	Khowai	10.34	14,238	10.34	9,371

Source: Departmental records and records of the fish farmers.

These differences were due to inclusion of anticipated stock available in the ponds after harvesting during that year. This would also result in cumulative overstatement of production since the same stock of the previous year in the ponds was once again considered to calculate the production of the current year. The method adopted by the

Department was not rational and therefore the claim of production was not reliable and casts doubt on the overall production claimed by the Department.

3.1.9.4 Production of fish seed in Government Farms

According to the norms of the ICAR[10], the water area in production of fingerlings needs to be divided between nursery and rearing ponds in 20:80 ratio. The norms also specify that from a stocking of 20 lakh fries[11] per ha in rearing ponds, 50 *per cent* i.e. 10 lakh should grow into fingerlings. Scrutiny revealed that the Department did not maintain the prescribed norms which resulted in shortfall in production of fingerlings as detailed below:

Table No. 3.1.6

Year	Total area under fish seed production (in ha)	Area should be distributed in 20:80 ratio (in ha)		Actual distribution of water area in ha (ratio in bracket)		Fingerlings that could have been produced in area at column 4 (in lakh) Column 4 x 10 lakh	Actual production (in lakh)	Shortfall in production (in lakh)
		Nursery	Rearing	Nursery	Rearing			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2004-05	18.59	3.72	14.87	8.95(48)	9.64(52)	148.70	108.61	40.09
2005-06	21.20	4.24	16.96	11.18(53)	10.02(47)	169.60	103.88	65.72
2006-07	26.93	5.39	21.54	11.30(42)	15.63(58)	215.40	142.71	72.69
2007-08	26.93	5.39	21.54	11.30(42)	15.63(58)	215.40	122.45	92.95
2008-09	26.71	5.34	21.37	11.04(41)	15.67(59)	213.70	118.36	95.34
TOTAL						**962.80**	**596.01**	**366.79**

Source: Departmental records

Above table shows that the shortfall in production of fingerlings of 366.79 lakh during the last five years resulted in the loss of fingerlings worth Rs.94.08 lakh[12] with consequent effect on the production of fish.

In reply the Government stated (September 2009) that due to better survival in the open water bodies, the size of the fingerlings produced in the Government farms were bigger than the standard norms which causes shortfall in production. The Government however, did not respond to the audit observation on the ratio of distribution of water area beyond ICAR norms.

3.1.9.5 Production of fish in Government farms

Table below shows that the productivity in Government farms varied between 495 and 906 kg per hectare, which was far below the State average of 1,414 to 2,074 kg per hectare during 2004-09:

[10] Indian Council of Agricultural Research.
[11] Spawn aged between 15-30 days are termed as fry and fry aged between 30-60 days are fingerling.
[12] Calculated @ Rs.250 per thousand of fingerlings during 2004-08 and @ Rs.275 per thousand during 2008-09.

Table No. 3.1.7

Year	Area of culture fisheries in Government farms (in ha)	State average rate of productivity (in kg/ha)	Production that should have been achieved (in MT)	Production actually achieved (in MT)	Rate of productivity actually achieved (in kg)	Shortfall in production (in MT)
2004-05	79.04	1414	111.76	54.26	686	57.50
2005-06	64.58	1650	106.56	58.49	906	48.07
2006-07	67.31	1859	125.13	33.29	495	91.84
2007-08	67.31	1931	129.98	45.90	682	84.08
2008-09	67.31	2074	139.60	52.74	784	86.86
TOTAL			**613.03**	**244.68**		**368.35**

Source: Departmental records.

Thus, the shortfall in production compared to the State average was 368.35 MT, worth Rs.2.02 crore[13] during 2004-05 to 2008-09.

The shortfall in production was attributed by the Government to poaching and floods. Besides, the water area under Government fish production was stated to be utilised for brood stock maintenance, seed production, training and demonstration etc.

The reply is not justified as factors like poaching and floods are prevalent in private farms as well. The fact of multifarious utilisation of water area is also not acceptable as the area for seed production was excluded in computing the shortfall in production.

However, during exit conference, the Government assured corrective measures against low yield in Government farms.

3.1.10 Fisheries Extension

Development of human resources through training, exposure visit, awareness and motivation for both departmental staff and pisciculturists was envisaged in the Perspective Plan. The achievement of the Department in this regard is discussed hereunder:

3.1.10.1 Fish Farmer Development Agency

The State has set up four Fish Farmer Development Agencies, which *inter alia* aimed at meeting the training requirements planned under the fisheries extension programme. Against the target of imparting training to 22,510 fish farmers, 17,570 (78 *per cent*) were trained during 2004-09, under short course training of 1 to 10 days duration by the Agencies. The Government attributed the shortfall to delay in release of funds by the GOI.

3.1.10.2 Creation of Laboratory and Hostel for Fish Processing training

Government of India sanctioned Rs.19.75 lakh in 2003 for construction of a hostel with training infrastructure in fish processing at the Tripura Fishery Training Institute (TFTI), Udaipur. The project *inter alia* included creation of hostel accommodation for

[13] Calculated at the Government rate of Rs. 50 per kg during 2004-06, Rs. 55 per kg during 2006-08 and Rs. 60 per kg during 2008-09.

25 fish farmers, procurement of equipment, raw materials and cost of training. The project was scheduled to be completed within three years.

Scrutiny of records relating to implementation of the project revealed the following:

(i) The hostel, constructed at a cost of Rs.10.17 lakh, made provision for eight fishermen instead of 25.

(ii) No plants and equipment for sausage making and cryo preservation units were purchased. Instead, materials[14] not related to the project were purchased without the approval of the Government.

(iii) While the project proposal provides for training of 75 fishermen every year, 135 fishermen were trained during 2005-07. The Government attributed lack of interest among beneficiaries for the training as the main reason for not conducting training after 2006-07. However, there was nothing on record to suggest that availability of such training was given wide publicity among the intended beneficiaries.

In reply, the Government stated (September 2009) that in view of the feedback received from the trained departmental officers that the products are not acceptable to Indian consumers, the sausage making unit and cryo-preservation units were not set up. Instead, it was stated that demonstration and training on preparation of items like fish pickle, prawn pickle, fish cutlet, fish finger etc. had been taken up for training to make it more purposeful and beneficial and that the required materials for the training had also been procured and installed.

3.1.10.3 Tripura Fisheries Training Institute, Udaipur

The Department decided (April 2002) to conduct four months' refresher courses (May-August) for 25 trainees (20 in-service staff members and five educated unemployed youth) each year. Records revealed that only 51 in-service candidates (Fishery Assistants) were imparted training during 2002-05 and thereafter no such training was conducted during 2006-09 due to shortage of staff. The training on refresher course, therefore, could not be imparted to 301 Fishery Assistants out of 352 in the Department and training could not be imparted to any educated unemployed youth either during 2002-09.

Against one post of Principal and three posts each of Training Superintendents and Demonstrator sanctioned in 1987, no regular Principal was posted in the institute. Two posts of Training Superintendent and three posts of Demonstrator were lying vacant since creation of those posts. Training is being imparted by SFs outsourced from other units.

Government stated (September 2009) that due to shortage in the cadre of FA till 2008, the refreshers' course could not be continued. It however, did not respond to the observation on training to educated unemployed youth.

[14] Steel Almirah, Exide battery, digital video camera, TV, DVD player, digital balance.

3.1.10.4 Entrepreneurship development and employment generation

Entrepreneurship development among educated unemployed youth through formation of 166 new Self Help Groups (SHGs) and activating 334 existing SHGs by providing them the technical know-how on advanced fish culture technologies and supplying them basic inputs for fish culture was envisaged in the Perspective Plan. Besides, providing necessary funds and technical support to selected SHGs for establishing fish feed manufacturing plants in different parts of the State was also planned. The target and achievement of creation of SHGs and employment generated during the last five years were as under:

Table No. 3.1.8

Year	Targets		Achievements	
	Entrepreneurship generated (Number)	Labour mandays generated (in lakh)	Entrepreneurship generated (Number)	Labour mandays generated (in lakh)
2004-05	20,020	3.45	17,230	3.49
2005-06	28,059	3.50	29,492	3.55
2006-07	37,633	3.56	41,227	3.91
2007-08	48,205	3.62	50,004	4.20
2008-09	59,988	3.68	60,524	4.46

Source: Departmental records

As against a target of 166 new SHGs, 782 SHGs were formed in addition to activating 334 dormant SHGs during the last five years. 123 SHGs formed during the past five years turned inactive on expiry of lease period of their respective water area and lack of coordination among the members of such groups. Achievement in the formation of SHGs was in excess of what was targeted by the Department and employment in terms of labour mandays generated also showed positive achievement in the State during 2004-09.

3.1.11 Strengthening of Fisheries Department

Strengthening of Fisheries Department includes creation of basic infrastructure like construction of administrative buildings, human resource development, creation of water and soil testing laboratory, breeding of genetically improved varieties and production of ornamental fish seed. Progress of the proposed planned activities as observed in audit is illustrated below.

3.1.11.1 Construction of basic infrastructure

During 2004-09, for strengthening the Fisheries Department, it was proposed in the AAPs to take up 58 construction works which included construction of office buildings, training centres, inspection bungalow, godowns, fish feed analysis lab, awareness centres, overhead tanks, boundary walls and water and soil testing laboratories at different locations in all the four districts. Scrutiny of records revealed that out of 58 works, 37 works[15] scheduled to be completed within one to four months of award of work orders, involving an estimated cost of Rs.1.62 crore were not

[15] 2006-07: 4 works at Rs.11.64 lakh, 2007-08: 15 works at Rs.59.95 lakh and 2008-09: 18 works at Rs.90.79 lakh.

completed as of March 2009. The delay in completion ranged between one month and 30 months as of June 2009. The reasons for delay were not on record.

3.1.11.2 Water and Soil Testing Laboratory

The Perspective Plan envisaged creation of laboratories in each block in addition to one each in districts and sub-divisions. The Plan envisaged creation of laboratories at district level initially, followed by sub-divisions and blocks. Forty laboratories were proposed to be constructed in the Perspective Plan, of which, 22 laboratories were proposed to be constructed during 2004-09. As of June 2009, only 19 laboratories were taken up, of which eight[16] were completed and functional. Scrutiny revealed that water and soil testing was done only in 5 to 6 *per cent*[17] of total water area, leaving most of the water area out of quality testing.

Test-check of reports of soil and water samples analysed during 2008-09 in Soil and Water Testing Laboratory, College Tilla, Agartala disclosed the following:

(i) Out of 551 water samples tested, 453 samples (82 *per cent*) were found highly acidic (pH range: 5.5 and below) and 142 samples (26 *per cent*) were found strongly alkaline (Range: 9 and above).

(ii) Out of 472 soil samples tested, in 362 cases (77 *per cent*) the percentage of clay ranged between 5 and 38 which is much below the desired range of 70 *per cent*. Sand percentage varied between 5 and 25 while the desired level is 30 *per cent* in 121 cases (26 *per cent*) and in the case of 88 samples (17 *per cent*), pH value[18] was found in the range of 4 to 4.5 against the acceptable range of 6.5 to 7.5.

The results of analysis indicated that 106.31 hectares tested area was below the required quality for pisciculture. Evaluation report or remedial measures prescribed/initiated by the Department were not on record. During the exit conference, the Government, while agreeing to the audit observation, assured that the corrective steps recommended after the laboratory evaluation would henceforth be documented.

3.1.11.3 Fish Feed Analysis Laboratory

A Fish Feed Analysis Laboratory (FFAL) was established in 2006-07 at College Tilla, Agartala to analyse sample of fish feed received from the districts for estimation of protein, fat, carbohydrate, ash etc.

During 2007-09, test for estimation of only protein was done in respect of 169 samples (2007-08: 78 nos. and 2008-09: 91 nos.) received from the four districts. Out of these, 53 samples were found sub-standard[19]. Due to non-availability of required

[16] Agartala, Sonamura, Udaipur, Belonia, Kamalpur, Kanchanpur, Gandacharra and Kumarghat.
[17] 6,540 water samples and 3,211 soil samples were tested covering a water area of 1,393 hectares and 1,203 hectares respectively out of total water area of 25,253.56 hectares.
[18] Hydrogen ion concentration – it is a scientific unit for measuring acidity or alkalinity of a given sample.
[19] Protein content was below 20 *per cent.*

lab equipment, other analysis like fat, carbohydrate, ash etc. were not conducted in the laboratory.

Instances of utilisation of inferior fish feed and untested fish feed noticed during audit were as follows:

(i) Procurement and distribution of Sub-standard Fish Feed

During 2007-09, three Superintendent of Fisheries (SFs), (Sadar, Bishalgarh and Khowai) procured and distributed 1089 MT[20] of fish feed, out of which 259 MT[21] worth Rs.30.22 lakh[22] was found to be substandard according to the laboratory reports. No action could be initiated as the supply order did not provide for penalty clause for supply of non-standard fish feed.

(ii) Procurement and distribution of Fish Feed without quality testing

During 2007-09, Superintendent of Fisheries, Sadar, Udaipur, Bishalgarh and Khowai procured and utilised 609 MT of fish feed worth Rs.74.89 lakh[23] without testing the quality.

The Government in reply stated (September 2009) that the required equipment was procured during 2008-09 and analysis of all the components would be done henceforth.

3.1.11.4 Fish Health Investigation Centre (FHIC)

A FHIC (a project under CSS with funding ratio of 75:25 between the Central and State Governments) was established at College Tilla, Agartala during 2004-05 by the FFDA, West. The project cost was Rs.30 lakh (Rs.25 lakh for construction of the building and Rs.5 lakh for purchase of laboratory equipment). The fund was released to the Agency in January 2002 without specifying any date for completion of the project. The prime objectives of the Centre were to:

(i) increase the production level upto a limit of 4,000 kg/ha/annum in ponds, tanks and mini-barrages by accurate application of technology through proper research oriented programmes,

(ii) arrange training on water quality and fish health investigation,

(iii) develop technologies by utilising locally available bio-mass/bio-products to replace traditional fishery inputs,

(iv) overcome the disease problem of fish in the State as well as water quality management, and

(v) conduct limnological studies of all water bodies in the State.

[20] SF, Sadar: 419 MT, SF, Bishalgarh: 263 MT and SF, Khowai: 407 MT.
[21] SF, Sadar: 79.51 MT, SF, Bishalgarh: 14.56 MT and SF, Khowai: 165 MT.
[22] SF, Sadar: Rs.9.83 lakh; SF, Bishalgarh: Rs.1.83 lakh and SF, Khowai: Rs.18.56 lakh.
[23] SF, Sadar: 114 MT, valued at Rs.14.18 lakh; SF, Udaipur: 285 MT, valued at Rs.35.54 lakh, SF, Bishalgarh: 189 MT valued Rs.22.65 lakh and SF, Khowai: 21 MT valued Rs.2.52 lakh.

Scrutiny revealed that only the building has been constructed at a cost of Rs.29 lakh and Lab equipment for bacteria culture, air compressor, microscope etc, which were the critical components of the investigation centre, were not purchased as of June 2009. The FHIC was being used as water and soil testing laboratory and for conducting departmental training programmes.

In reply the Government stated (September 2009) that the objectives of FHIC to develop technologies, disease control, water quality management etc. took a backseat in view of the priority for increasing the productivity of fish in the State as targeted in the Perspective Plan.

The reply is self contradictory, as the activities planned for the FHIC were conditions required to increase production as emphasised in the project proposal.

3.1.11.5 Human Resource Management

As of March 2009, against the overall sanctioned strength of 1,288, there were 1,136 persons (88 *per cent*) in position while overall vacancy was 152 (12 *per cent*). Scientific assessment of manpower requirement to match the increased activities as well as deployment of manpower was not done by the Department. The Directorate could not furnish the actual number of sanctioned posts against each field office. Though overall vacancy was marginal (12 *per cent*), the vacancies in key functionaries (Fishery Officer) was 23 against a sanctioned strength of 98, resulting in a shortage of 23 *per cent.*

Vacancies in the key functional posts *viz* 23 Fishery Officers, 21 Fishery Assistants and 5 Junior Engineers were managed by the Department by distributing the work load.

Government stated (September 2009) that efforts were being made to fill up the vacant positions.

3.1.11.6 Training of Fishery Assistants

Fishery Assistants (FAs) were to be trained immediately after their appointment to acquaint them with the existing and modern pisciculture. But scrutiny of records of seven units[24] test-checked revealed that 97 FAs were trained only after three to 28 years of their joining. This resulted in delay in awareness and capacity building among the staff to use modern and scientific techniques in pisciculture to be passed on to the fish farmers in the State.

Government stated (September 2009) that the candidates were sponsored for training outside the State before setting up the TFTI at Udaipur which resulted in delay in imparting training and that all the pre 2000-01 FAs were trained.

3.1.11.7 Aquaculture of alternate/genetically improved variety

For large scale production and distribution of prawn seeds among the fish farmers, 'Fresh Water Prawn Hatchery Units' were established at Agartala, Kumarghat and

[24] SF of Udaipur, Sadar, Khowai, Bishalgarh, Belonia, TFTI and the Directorate.

Udaipur in 1999-2000, 2002-03 and 2004-05 respectively. Audit revealed that the production in Kumarghat hatchery was 1.28 *per cent* to 2.30 *per cent* of the capacity (250 lakh post larvae or 150 lakh juvenile per year) projected by the Department in the project proposal and approved by the GOI. Similarly, the hatchery at Tripura Fisheries Training Institute at Udaipur also could produce only 29 to 50 *per cent* of the projected capacity (varying between 2.50 lakh to 5.50 lakh Juvenile) during 2004-09.

Government in reply (September 2009) stated that prawn seed production in artificial environment, being a new technique, was being implemented in the State on an experimental basis which would require a few more years for perfection.

3.1.12 Reclamation of Water Bodies

Reclamation of existing water bodies was one of the important programmes envisaged in the Perspective Plan. The Plan envisioned that 40 *per cent* of the existing water bodies of the State required reclamation for fish culture. The following table shows the target fixed in the Perspective Plan and the achievement there against:

Table No. 3.1.9

(Water area in ha.)

Year	Reclamation			New Water area created	Total water area available in the State at the end of the year
	Target	Achievement	Shortfall (Percentage)		
2004-05	496	180.07	315.93 (64)	776.96	21,946.20
2005-06	474	220.46	253.54 (53)	1,093.08	23,039.28
2006-07	483	110.53	372.47 (77)	1,305.27	24,344.55
2007-08	512	42.74*	469.26 (92)	909.01	25,253.56
2008-09	525	34.40*	490.60 (93)	1,883.55	27,137.11
Total	**2,490**	**511.06**		**5,967.87**	

*Provisional

Source: Perspective Plan and Departmental figures

Percentage of shortfall in reclamation of water bodies ranged between 53 and 93 during 2004-09. The shortfall was mainly due to inadequate planning for reclamation in the AAPs.

Reclamation of RM Dighi at Udaipur

Construction of pond under Amarpur Nagar Panchayat

Table No 3.1.9 also disclosed that during the last five years, 5,967.87 hectares of new water areas were created registering an increase of about 28 *per cent* over the water bodies available at the beginning of the Plan.

Though creation of new water bodies was not among the priorities of the Department there was substantial improvement in development of new water bodies due to the introduction of NREGS[25] in the State. Above photographs show reclamation and new creation of water area in two Blocks.

3.1.12.1 Reclamation of water bodies and creation of new ponds by FFDAs

Out of the total target (2,490 hectares in Table No 3.1.9) of the Department, reclamation targeted by the four FFDAs were 169.04 ha. However, reclamation of only 85.22 ha was achieved by them. While against a target of creation of 52.30 ha new water bodies, only 44.77 ha were achieved during 2004-09 indicating a shortfall of 50 *per cent* in reclamation and 14 *per cent* in creation of new water bodies. The Government attributed the shortfall mainly to the shift of interest of the beneficiaries to various other schemes including NREGS where reclamation and creation of new water bodies were being covered.

3.1.13 Development of Post Harvesting facilities

With a view to strengthen the existing limited post harvesting facilities in the State and to prevent loss of produce and their sale in unhygienic conditions, the Department planned for upgradation/establishment of facilities for prevention, transportation and marketing of fish during 2004-12. The Department took up some works under post harvesting facility only in 2005-06.

Development of post harvesting facilities *viz* storage, transportation and marketing of fish and strengthening of the Fishermen Cooperative Societies were covered under a Centrally Sponsored Scheme 'Strengthening of Post Harvest Facilities (Central:75 and State:25)'. GOI released Rs.70 lakh (March 2005 and 2007) in two instalments which was spent during 2005-06 (Rs.50 lakh) and 2007-08 (Rs.20 lakh). The achievement *vis-à-vis* the Annual Action Plan of the Department in this regard was as follows:

Table No. 3.1.10

Items planned in the AAP 2005-06 and achievements			
Item	**Target**	**Achievement**	**Shortfall Excess(+) Less (-)**
Supply of Mini truck	3	10	(+) 7
Supply of Kiosks	143	85	(-) 50
PVC Crates	-	14	(+) 14
Modern fish selling market	1	1	--
Three wheeler auto van	--	1	(+) 1
Visicooler	--	7	(+) 7

Source: Departmental records.

[25] NREGS – National Rural Employment Guarantee Scheme.

Scrutiny during audit revealed the following:

(i) No cold storage was constructed and no insulated van was supplied to Cooperative Societies against the target for construction of seven cold storages and procurement of four insulated vans. Instead, the Department supplied 10 Mini trucks (TATA 407) for transportation of fish, fish seed, fish feed etc. Reasons for not taking up the construction of cold storage and non-supply of insulated vans could not be made available to audit though called for.

(ii) There was also shortage in construction of new markets and upgradation of existing markets.

(iii) Further, the Department supplied one three-wheeler auto van and seven visicoolers to the Cooperative Societies which were not planned either in the Perspective Plan or in the Annual Action Plan.

Thus, the objective of improving the post harvesting facilities were only partially achieved for not taking up the construction of cold storage, and non-supply of insulated vans as proposed in the Perspective Plan.

3.1.14 Development of Fisheries through Cooperatives

Fisheries Cooperatives were formed for proper fisheries development by involving the fishermen who are directly or indirectly dependant on this trade for their livelihood. The cooperatives were to provide guidance to fisherman to bring out an overall improvement in their socio-economic status. The Societies were mainly financed by the Government by investment in share capital and by providing managerial subsidy.

According to the Directorate, as of September 2009, there were 110 Primary Fishery Co-operative Societies and one Tripura Apex Fishery Co-operative Society Limited (TAFCSL). The total number of members of these Societies was 16,480, which constituted only 21 *per cent* of the total fisherman population of 77,748 in the State. However, the Registrar of Co-operative Societies, Government of Tripura reported in June 2009 that at the end of 2008-09, there were 143 Societies out of which, 48 Societies (34 *per cent*) were dormant and 50 Societies (35 *per cent*) were running in loss. Records also revealed that the Department had invested Rs.10.86 lakh in dormant Societies and Rs.35 lakh in loss making Societies upto 2007-08. The reasons for failure, as revealed from a scrutiny of the Audit Report of the Societies, were mainly due to retention of cash balance by Ex-Secretary of the Societies outside the Society account, non-realisation of loans and advances and amount of rent receivable. The Department failed to keep proper vigil over the activities of the Societies which was corroborated by the following instances:

(i) Scrutiny of Audit Report of "Rudra Sagar Utbastu Fisherman Samabay Samity Ltd." for 2006-07 revealed that Rs.10.12 lakh being the amount of rent receivable remained outstanding as of March 2007.

(ii) There was an outstanding lease rent of Rs.3.91 lakh as per Audit Report for 2007-08 of "Udaipur Samaj Kalyan Matsyajibi Samabay Samity Ltd."

(iii) Accounting books and records were not maintained properly.

(iv) Meetings of the Board of Directors were not held regularly.

(v) Audit of 107 societies[26] were in arrears for 3 to 7 years due to non-finalisation of accounts.

(vi) Revenue of Rs.14.69[27] lakh on account of harvesting charges and royalty payable by Apex Co-operative Society to Government for marketing of fish harvested from reservoir remained outstanding as of March 2009. In reply, the Government stated that the outstanding amount is being recovered @ Rs. 10,000 per month starting from April 2009.

Government stated (September 2009) that the administrative control of the Cooperatives vests with the Co-operative Department and the role of Fisheries Department was restricted to technical guidance and financial support to the societies. The reply is not acceptable, as the societies receiving financial assistance are accountable for their activities to the funding Department.

3.1.15 Monitoring

There is no separate monitoring wing at the Directorate though creation of Monitoring Cell was proposed in the RPP. Each section in the Directorate is individually responsible for monitoring its activities. No centralised database exists on the status of various schemes/programmes implemented in the State. Although district level meetings were held, follow-up action was not documented due to which the effectiveness of the meetings remained unassessed.

As per the decision of the Department in 2004 and subsequent order issued in March 2008, the quantum of field visits/inspections of Government Sector Schemes and private fish farmers by the officials at different levels was four to 12 days in a month. For this purpose, a register of inspection was to be maintained at all levels. In none of the units audited, the registers of inspection carried out at different levels during the last five years (2004-09) were maintained. It could not, therefore, be ascertained whether the prescribed quantum of inspection and adequate follow up action were carried out. The Government while accepting the observation, assured future compliance.

3.1.16 Response to Audit

The State Finance Department issued instructions in July 1993 to watch over the receipt and disposal of Audit Notes/Inspection Reports issued by the Accountant General (Audit) which *inter alia* provides that (i) a register of disposal should be maintained by each office and (ii) reply to Audit Notes is to be furnished within one

[26] 35 nos.: 7 years since 2002-03, 10 nos.: 6 years since 2003-04, 15 nos.: 5 years since 2004-05, 17 nos.: 4 years since 2005-06, 30 nos.: 3 years since 2006-07.

[27] Total amount due upto 2003-04: Rs.20.81 lakh *less* amount recovered during 2004-09: Rs.6.12 lakh.

month from the date of their receipts. No such register was maintained by the Department as of March 2009. 16 paragraphs relating to 10 Audit Notes pertaining to the period from 1989-90 to 2008-09 were lying outstanding for want of reply.

3.1.17 Conclusion

The projected increase in productivity of fish over the years by the Department was neither reliable nor scientific. The goal of achieving self-sufficiency in the production of fish is far from achieved as the dependence on imports from other States/countries has gradually increased over the years. The Department has also not addressed the issues relating to quality of water and soil adequately in order to enhance the productivity of fish to the desired level. There is a need to take appropriate measures to increase the productivity of fish so that self-sufficiency could be achieved in fish production.

3.1.18 Recommendations

- An objective and rational method should be introduced to quantify the production of fish.
- Mid-term evaluation should be conducted to adjust the targets, which were formulated on the basis of lower average productivity.
- Post harvesting facilities need to be fully implemented to ensure higher economic returns.
- Concrete action should be taken to combat the long term adverse effects of unfavourable characteristics of water and soil.
- The training needs of officials and fish farmers should be addressed.
- Management and supervision of the fish farmers' cooperatives should be strengthened.

CHAPTER IV: REVENUE RECEIPTS

4.1 General

4.1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Tripura, its share of divisible Union taxes and grants-in-aid from the Government of India during 2008-09 and the corresponding figures for the preceding four years are mentioned below:

Table No. 4.1.1

(Rupees in crore)

	2004-05	2005-06	2006-07	2007-08	2008-09
I. Revenue raised by the State Government					
Tax revenue	239.63	296.09	341.55	370.70	442.50
Non-tax revenue	176.85	63.62	94.97	115.41	149.04
Total (I)	**416.48**	**359.71**	**436.52**	**486.11**	**591.54**
II. Receipts from the Government of India					
State's share of net proceeds of divisible Union taxes	383.12	404.38	515.78	650.62	686.52
Grants-in-aid	1,777.30	2,260.03	2,381.06	2,561.61	2798.72
Total (II)	**2,160.42**	**2,664.41**	**2,896.84**	**3,212.23**	**3485.24**
III. Total receipts of the State Government (I+II)	**2,576.90**	**3,024.12**	**3,333.36**	**3,698.34**	**4076.78**
Percentage of I to III	**16**	**12**	**13**	**13**	**15**

The above table indicates that during the year 2008-09, the revenue raised by the State Government was 15 *per cent* of the total revenue receipts (Rs. 4076.78 crore) which had increased by two *per cent* over the previous year. The balance 85 *per cent* of the receipts during 2008-09 was from the Government of India.

4.1.1.1 The tax revenue during 2008-09 increased by 19 *per cent* to Rs. 442.50 crore from Rs. 370.70 crore in 2007-08. The improvement in the collection was mainly under the heads of major taxes *viz*. sales tax/VAT (19 *per cent*), State excise (25 *per cent)* and taxes on vehicles (29 *per cent*), land revenue (87 *per cent*) and stamps and registration fees (14 *per cent*) as shown in the table below.

Table No. 4.1.2

(Rupees in crore)

Heads of revenue	2004-05	2005-06	2006-07	2007-08	2008-09	Percentage increase (+) or decrease (-) in 2008-09 over 2007-08
Sales tax/VAT	160.69	203.39	233.45	264.98	314.79	(+) 19
State excise	32.37	32.30	38.41	38.50	48.28	(+) 25
Other taxes on income and expenditure	20.47	21.91	22.19	23.73	25.97	(+) 9
Stamps and registration fees	12.07	14.21	16.61	14.98	17.03	(+) 14
Taxes on vehicles	10.45	17.43	22.51	23.20	29.82	(+) 29
Other taxes and duties on commodities and services	1.86	3.40	5.11	2.17	0.84	(-) 61
Land revenue	1.20	3.25	3.03	2.97	5.55	(+) 87
Taxes on agricultural income	0.27	0.14	0.15	0.11	0.18	(+) 64
Taxes and duties on electricity	0.01	0.02	0.01	0.01	0.02	(+) 100
Others	0.24	0.04	0.08	0.05	0.02	(-) 60
Total	**239.63**	**296.09**	**341.55**	**370.70**	**442.50**	**(+) 19**

The departments did not inform (September 2009) the reasons for the large variations in the receipts in 2008-09 over 2007-08 despite being requested (June 2009).

4.1.1.2 The non-tax revenue during 2008-09 increased by 29 *per cent* to Rs. 149.04 crore, from Rs. 115.41 crore in 2007-08, mainly under the heads Interest Receipts (7 *per cent*), Police (40 *per cent*), and Public Works (55 *per cent*). There was substantial increase under the head Miscellaneous General Services (4,185 *per cent*) as shown in the table below.

Table No. 4.1.3

(Rupees in crore)

Heads of revenue	2004-05	2005-06	2006-07	2007-08	2008-09	Percentage increase (+) or decrease (-) in 2008-09 over 2007-08
Power	105.20	1.10	0.06	0.01	*	-
Forestry and Wildlife	5.63	4.87	6.24	5.52	5.57	(+) 1
Education, Sports, Art and Culture	0.82	0.87	0.73	1.00	1.55	(+) 55
Crop Husbandry	1.43	1.43	1.56	1.53	1.70	(+) 11
Other Administrative Services	5.71	2.14	3.18	3.55	2.33	(-) 34
Miscellaneous General Services	-	0.34	25.43	0.52	22.28	(+) 4185
Water Supply and Sanitation	1.11	0.75	0.68	0.62	1.23	(+) 98
Police	16.17	11.15	6.88	14.22	19.86	(+) 40
Interest Receipts	4.56	16.62	26.23	58.93	62.93	(+) 7
Stationery and Printing	0.75	2.30	2.47	1.86	1.75	(-) 6
Animal Husbandry	1.14	1.31	1.54	1.54	1.56	(+) 1
Industries	6.99	8.47	9.25	9.30	9.38	(+) 1
Public Works	1.48	2.09	3.62	3.98	6.17	(+) 55
Village and Small Industries	0.10	0.05	0.06	0.07	0.02	(-) 71
Fisheries	0.54	0.60	0.64	1.27	1.89	(+) 49
Other Rural Development Programmes	0.27	0.13	0.09	0.07	0.03	(-) 57
Others	24.95	9.40	6.31	10.94	10.79	(-) 1
Total	**176.85**	**63.62**	**94.97**	**115.41**	**149.04**	**(+) 29**

* Rs. 43,000 only.

The following reasons for variations were reported by the departments.

- **Miscellaneous General Services:** The increase in the revenue receipts (4,185 *per cent*) was due to receipt of written off amount of Rs. 22.25 crore from the Government of India on account of debt waiver for the year 2006-07.
- **Fisheries:** The increase in the revenue receipts (49 *per cent*) was due to increased receipt of royalty from sale of fish and higher selling rate of fingerlings.
- **Police:** The increase in the revenue receipts (40 *per cent*) was due to sale of 87 condemned vehicles and realisation of outstanding dues from agencies to whom security was provided.
- **Interest receipts:** The increase in the revenue receipts (7 *per cent*) was due to receipt of more interest on investment of treasury bills with the Reserve Bank of India.
- **Printing and stationery:** The decrease in the revenue receipts (6 *per cent*) was due to non-collection of outstanding dues.

The remaining departments did not inform (September 2009) the reasons for variation in the receipts of 2008-09 over 2007-08 despite being requested (June 2009).

4.1.2 Initiative for mobilisation of resources

In the budget for 2008-09, the Government proposed revenue collection of Rs. 416.94 crore under tax receipts. The actual collection of Rs. 442.50 crore during the year was more than the budget estimates by Rs. 25.56 crore, which exceeded the amount by six *per cent*.

4.1.3 Variations between the budget estimates and actuals

The variations between the budget estimates and the actual receipts for the year 2008-09 in respect of some important heads of tax and non-tax revenue are mentioned in the tables below:

Table No. 4.1.4

(Rupees in crore)

Heads of revenue	Budget estimates	Actuals	Variation: increase (+)/ decrease (-)	Percentage variation over budget estimates
TAX REVENUE				
Sales tax	321.64	314.79	(-) 6.85	(-) 2.13
State excise	44.30	48.28	(+) 3.98	8.98
Stamps and registration fees	18.71	17.03	(-) 1.68	(-) 8.98
Taxes on vehicles	28.50	29.82	(+) 1.32	4.63
Land revenue	3.57	5.55	(+) 1.98	55.46
Taxes on agricultural income	0.20	0.18	(-) 0.02	(-) 10.00
Taxes and duties on electricity	0.02	0.02	-	-
Other taxes on income and expenditure	-	25.97	(+) 25.97	-
Other taxes and duties on commodities and services	-	0.84	(+) 0.84	-
NON-TAX REVENUE				
Forestry and Wildlife	5.70	5.57	(-) 0.13	(-) 2.28
Other Administrative Services	3.85	2.33	(-) 1.52	(-) 39.48
Miscellaneous General Services	26.74	22.28	(-) 4.46	(-) 16.68
Interest Receipts	37.72	62.93	(+) 25.21	66.83
Stationery and Printing	2.72	1.75	(-) 0.97	(-) 35.66
Public Works	2.99	6.17	(+) 3.18	106.35
Animal Husbandry	1.70	1.56	(-) 0.14	(-) 8.24
Fisheries	0.71	1.89	(+) 1.18	166.20
Other Rural Development Programmes	0.11	0.03	(-) 0.08	(-) 72.73
Industries	10.20	9.38	(-) 0.82	(-) 8.04
Water Supply and Sanitation	0.82	1.23	(+) 0.41	50.00
Education, Sports, Art and Culture	1.20	1.55	(+) 0.35	29.17
Police	17.50	19.86	(+) 2.36	13.49
Village and Small Industries	0.08	0.02	(-) 0.06	(-) 75.00
Crop Husbandry	1.72	1.70	(-) 0.02	(-) 1.16

The large variations between the budget estimates and actuals in all major heads indicate that the budget estimates for collection of non-tax revenue were not prepared on realistic basis.

The reasons for variations of actuals over budget estimates during 2008-09 as intimated by the respective departments are given below.

The increase in **Fisheries receipts** (166 *per cent*) was due to increased receipt of royalty from sale of fish and higher selling rate of fingerlings.

The increase in the **interest receipt** (67 *per cent*) was due to receipt of more interest on investment of treasury bills with the Reserve Bank of India.

The increase in **Police receipts** (13 *per cent*) was due to sale of 87 condemned vehicles and realisation of outstanding dues from agencies to whom security was provided.

The decrease in **Sales Tax/VAT** (2 *per cent*) was due to reduction in the price of Petroleum products, whereas the increase in **State Excise** (9 *per cent*) was due to higher consumption of the liquor.

The decrease in **stationery and printing** (36 *per cent*) was due to non-collection of outstanding dues.

The remaining departments did not inform (September 2009) the reasons for the large variations despite being requested (June 2009).

4.1.4 Analysis of collection

Break-up of the total collection at the preassessment stage and after regular assessment of sales tax for the year 2008-09 and the corresponding figures for the preceding two years, as furnished by the Commissioner of Taxes, is mentioned below:

Table No. 4.1.5

(Rupees in lakh)

Heads of revenue	Year	Amount collected at pre-assessment stage	Amount collected after regular assessment (additional demand)	Penalties for delay in payment of taxes and duties	Amount refunded	Net collection of Taxes[1]	Percent-age of collect-ion of column 3 to 7
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Finance Department							
Sales tax/ VAT	2006-07	22,964.06	138.63	4.84	-	23,107.53	99.38
	2007-08	26,106.42	261.37	1.14	-	26,368.93	99.00
	2008-09	31,324.60	153.66	0.76	-	31,479.02	99.51

The collection of sales tax at preassessment stage ranged between 99 and 99.51 *per cent* during 2006-07 to 2008-09 indicating that tax audit was minimal.

4.1.5 Cost of collection

The gross collection in respect of the major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the year 2006-07, 2007-08 and 2008-09 alongwith the relevant all India average percentage of expenditure on collection to gross collection for 2007-08 are mentioned in the table below.

[1] The figures furnished by the department are at variance with that in the Finance Accounts. The department has not yet reconciled the figures with the Accountant General (September 2009).

Table No. 4.1.6

(Rupees in crore)

Heads of revenue	Year	Gross collection	Expendi-ture on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2007-08
Sales tax / VAT	2006-07	233.45	2.89	1.24	0.83
	2007-08	264.98	3.05	1.15	
	2008-09	314.79	3.59	1.14	
State excise	2006-07	38.41	0.82	2.13	3.27
	2007-08	38.50	0.87	2.26	
	2008-09	48.28	1.09	2.26	
Stamps and registration fees	2006-07	16.61	1.14	6.86	2.09
	2007-08	14.98	1.93	12.88	
	2008-09	17.03	1.68	9.86	
Taxes on vehicles	2006-07	22.51	0.75	3.33	2.58
	2007-08	23.20	0.98	4.22	
	2008-09	29.82	1.05	3.52	

The above table indicates that the percentage of expenditure on collection in respect of Sales tax/VAT, Stamp duty and registration fees and Taxes on vehicles was higher than the all India average cost of collection.

4.1.6 Arrears in assessment

The details of assessments relating to sales tax and taxes on agricultural income pending at the beginning of the year, additional cases becoming due for assessment during the year, cases disposed during the year and cases pending at the end of each year, during the period 2004-05 to 2008-09 as furnished by the department are mentioned in the table below.

Table No. 4.1.7

Year	Opening balance	Cases which become due for assessment	Total	Cases disposed of during the year	Cases pending at the end of the year
2004-05	25,074	7,118	32,192	7,792	24,400
2005-06	24,400	7,384	31,784	12,792	18,992
2006-07	18,992	39	19,031	8,645	10,386
2007-08	10,386	39	10,425	7,682	2,743
2008-09	2,743	39	2,782	2,067	715

4.1.7 Evasion of tax

The details of cases of evasion of tax detected by the departments, cases finalised and the demands for additional tax raised as reported by the department are given below:

Table No. 4.1.8

(Rupees in lakh)

Name of tax/ duty	Cases pending as on 31 March 2008	Cases detected as on 31 March 2009	Total	No. of cases in which assessments/ investigations completed and additional demand including penalty etc raised		No. of cases pending finalisation as on 31 March 2009
Sales tax	-	91	91	88	17.84	3

4.1.8 Results of audit

Test check of the records of sales tax, land revenue, state excise, motor vehicles, stamps and registration fees, other tax receipts, forest receipts conducted during the year 2008-09 revealed under assessment/short levy/loss of revenue amounting to Rs. 4.45 crore in 51 cases. These were pointed out in the inspection reports issued to the departments.

This chapter contains three paragraphs and two reviews pointing out loss/ non-realisation of Tax and Non-Tax revenue of Rs. 19.64 crore. Of which Rs. 17.71 crore has been admitted by the department.

After the cases were reported by audit, the department recovered Rs. 0.03 lakh in one case during 2008-09.

4.1.9 Departmental Audit Committee meetings

During 2008-09, two audit committee meetings were held in which 98 paragraphs contained in 22 Inspection Reports were discussed and 23 paragraphs and two IRs were settled.

4.1.10 Failure to enforce accountability and protect the interest of the Government

The Accountant General (Audit), Tripura arranges to conduct periodical inspection of the various offices of the Government departments to test check the transactions of tax and non-tax revenue receipts and verify the maintenance of important accounting and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of offices/Government are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report compliance through initial reply to the Accountant General within thirty days from the dates of issue of the IRs. Serious financial irregularities are reported to the heads of the departments and the Government.

As of March 2009, 1,360 paragraphs contained in 425 Inspection Reports (IRs) issued upto September 2008 and involving Rs. 94.34 crore remained outstanding. Of these, 127 IRs containing 465 paragraphs involving Rs. 9.40 crore had not been settled for more than 10 years by the Finance Department (sales tax, electricity duty, etc.) and the Forest Department (forest receipts). Even the first replies required to be received from the head of office within 30 days from the date of receipt of the IRs were not received in respect of 642 paragraphs of 145 IRs, issued between March 1994 and March 2009.

The department-wise breakup of IRs and audit observations outstanding as on 31 August 2009 is mentioned below:

Table No. 4.1.9

Department	Position of IRs issued upto September 2008 but not settled at the end of March 2009			Position of IRs and paragraphs not settled for more than 10 years			Position of IRs in respect of which even first reply has not been received from March 1995 to March 2009		
	No. of IRs	No. of para-graphs	Money value (Rs. in crore	No. of IRs	No. of para-graphs	Money value (Rs. in crore	No. of IRs	No. of para-graphs	Money value (Rs. in crore
Finance (Excise and Taxation)									
Sales Tax	86	275	12.25	44	141	2087	21	109	4.62
Professions Tax	0.	04	0.06	-	-	-	02	03	0.06
Stamp Duty and Registration Fees	07	09	0.31	-	-	-	-	-	-
Electricity Duty	182	711	27.06	34	133	0.93	65	298	4.30
Agricultural Income Tax	02	03	-	-	-	-	-	-	-
Amusements Tax	05	9	0.10	-	-	-	01	02	0.03
State Excise	-	-	-	-	-	-	-	-	-
Forest									
Forest Receipts	101	238	17.40	46	177	2.49	29	135	6.77
Revenue (Land Records and Settlement)									
Land Revenue	09	10	0.09	-	-	-	09	10	0.09
Transport									
Motor Vehicles	19	85	35.42	3	14	3.11	14	69	15.28
Total	**425**	**1,360**	**94.34**	**127**	**465**	**9.40**	**145**	**642**	**32.36**

The above position indicates the failure of the departments concerned to initiate action in respect of the defects, omissions and irregularities pointed out in the IRs. The Principal Secretaries/Secretaries of the departments are informed of the position on 1st June each year through annual statement of outstanding IRs and paragraphs.

4.1.11 Response of the departments to draft audit paragraphs

Three paragraphs and two reviews contained in this report were forwarded during June to August 2009 to the secretary of the administrative departments concerned demi-officially seeking confirmation of facts and figures as well as their comments within six weeks. Replies of the Government to two paragraphs and one review have not been received (September 2009).

4.1.12 Internal audit

Finance (Excise and Taxation) Department had not established an internal audit wing for auditing the revenue receipts of the State Government (October 2009). Since internal audit is an effective tool in the hands of the management of an organisation to assure itself that the organisation is functioning in an efficient manner and in terms of its stated objectives, the Government may consider establishing the system of internal audit.

4.1.13 Follow up on Audit Reports – summarised position

11 reviews and 123 audit paragraphs had featured in Audit Reports 1988-89 to 2007-08. Nine out of the 11 reviews and 98 out of 123 paragraphs had been discussed by

the PAC as of August 2009. Against nine reviews and 98 paragraphs already discussed in the PAC, only 43 ATNs (six against the reviews and 37 against the paragraphs) on the recommendations of the PAC had been received.

4.1.14 Compliance with the earlier Audit Reports

During the years 2003-04 to 2007-08, the departments/Government accepted the audit observations involving Rs. 12.39 crore out of which an amount of Rs. 15.72 lakh had been recovered till September 2009. The details are mentioned below:

Table No. 4.1.10

(Rupees in lakh)

Sl. No.	Year of the Audit Report	Total money value of the paragraphs of Receipt Audit	Money value accepted by the State Government	Recovery made
1.	2003-04	726.40	624.40	15.01
2.	2004-05	25.06	25.06	0.71
3.	2005-06	82.15	65.71	Nil
4.	2006-07	127.96	103.78	Nil
5.	2007-08	667.00	420.00	-
Total		**1,628.57**	**1,238.95**	**15.72**

FINANCE (EXCISE AND TAXATION) DEPARTMENT

4.2 Review on 'Transition from Sales Tax to Value Added Tax'

Highlights

An amount of Rs. 85.37 lakh remained unrealised due to non-settlement of 57 cases pending with the Tribunal.

(Paragraph 4.2.6.2)

Due to non-existence of a system to ensure submission of returns by the registered dealers, defaulting dealers ranged between 32.14 *per cent* and 47.14 *per cent* during 2005-06 to 2008-09. No time frame was fixed in the Rules of TVAT for scrutiny of the returns.

(Paragraph 4.2.9.1)

Only 232 dealers (1.67 *per cent*) were selected for tax audit in 2005-06. Thereafter no selection has been done, as no provision exists in the TVAT Act or Rules, stipulating percentage and method of selection of dealers for tax audit.

(Paragraph 4.2.10.1)

Due to non-finalisation of cases pending with the Revision Authority an amount of Rs. 4.37 crore remained unrealised in 76 assessment cases pertaining to different years. No time frame was stipulated in the TVAT Act or Rules for completion of appeal and revision cases.

(Paragraph 4.2.14)

An amount of Rs. 39.23 lakh was short deposited by 64 dealers against 3,072 number of returns test checked.

(Paragraph 4.2.18.1)

4.2.1 Introduction

The Government of India decided to implement VAT (Value Added Tax) after a meeting of Empowered Committee on 23rd January 2002.

The white paper on VAT envisaged *inter alia,* that

- it would eliminate cascading effect due to credit of tax paid on purchase for resale or for use in production;
- other taxes will be abolished and overall tax burden will be raitionalised;
- overall tax would increase and there will be higher revenue growth; and
- there would be self assessment by dealers and set off will be given for input and tax paid on previous purchases.

The Government of Tripura (GOT) repealed the Tripura Sales Tax (TST) Act, 1976 and enacted the Tripura Value Added Tax (TVAT) Act, 2004 with effect from 1st April 2005.

Some of the differences between the existing TVAT Act and TST Act were as under:

- TVAT is a multi point tax system while sales tax was a single point tax system;
- TVAT system relies more on the dealers to pay the tax wilfully and submit the returns and deemed self assessment. However, in TST system supporting documents are required to be submitted along with the returns;
- No percentage check is provided in the TVAT Act, while cent *per cent* cases were assessed in the TST Act; and
- Reduced control of the executive on the dealers in TVAT while many other taxes are there in TST.

Salient feature of TVAT Act

Under TVAT Act and Rules, five different tax rates are prescribed with seven schedules. All dealers registered under the Act are liable to pay tax on the sale value of taxable goods at every stage of sale of those goods till it is sold to the consumer, at a rate specified in the schedule of the Act, other than dealers whose turnover during a period of 12 months immediately preceding the commencements of the Act do not exceed Rs. 3 lakh. No dealer while being liable to pay tax, shall carry on business as a dealer unless he has been registered and possesses a certificate of registration. Every dealer registered under the Act would be assigned with a unique “Tax payers’ Identification Number (TIN)”. Unlike the sales tax regime there is no statutory assessment of the dealer, instead the Act provides that the Commissioner of Taxes (CT) shall, under Sub Section (1) of Section 28 of the Act, select the dealers for Tax Audit.

Transition from sales tax to VAT in Tripura was reviewed in audit and a number of deficiencies as discussed in the subsequent paragraphs were noticed.

4.2.2 Organisational set up

The receipts from Value Added Tax (VAT) are administered by the Commissioner of Taxes (CT) under the administrative control of the State Finance Department. The CT is assisted by two Deputy Commissioner of Taxes (DCT) and three Assistant Commissioner of Taxes (ACT). There are eleven charges at Agartala, each headed by a Superintendent of Taxes (ST). Of the STs, two look after vigilance and one is in charge of the Public Relation Cell. In addition, there are seven charges[2] in other districts/sub-division headquarters headed by STs and one ST is posted in Chauraibari Check Post, the entry point to the State.

[2] Ambassa, Belonia, Bishalgarh, Dharmanagar, Kailasahar, Teliamura and Udaipur.

Under the TVAT Act, the Superintendents of their respective charges are entrusted with the registration, assessment, collection of tax and receipts of returns in respect of TIN dealers.

4.2.3 Audit objectives

The review was aimed to ascertain whether the

- Planning for implementation and the transition from the ST Act to VAT Act was effected timely and efficiently;
- Organisational structure was adequate and effective;
- Provisions of the VAT Act and Rules made thereunder were adequate and enforced properly to safeguard the revenues of the State;
- The internal control mechanism existed in the Department and was adequate and effective to prevent leakage of revenue; and
- Checking the status of the system after being in place for three years.

4.2.4 Scope and methodology of audit

The review was conducted between May and July 2009 in the office of the Commissioner of Taxes and 11[3] out of 15 charge offices (which deal with assessment etc., of dealers). The selection of the charge offices was made on the basis of Simple Random Sampling Without Replacement (SRSWOR) covering the period from 2005-06 to 2008-09. The information collected from the Department, replies to questionnaires and the audit memos issued during inspection and site visits etc., formed the basis of audit evidence and findings.

4.2.5 Acknowledgement

The Indian Audit and Accounts Department acknowledges the cooperation extended by the Principal Secretary, Finance Department and the departmental officials during the course of the review. An entry conference was held on 2 April 2009 with the Principal Secretary to the Government of Tripura, Finance Department in which the audit objectives, scope and methodology were explained. The findings of the review were forwarded to the department/Government on 12 August 2009 and discussed in an exit conference held on 7 October 2009. The responses of the Department received during the discussion and at other points of time, have been incorporated in the report at appropriate places.

Audit findings

4.2.6.1 Pre-VAT and post-VAT tax collection

The comparative position of pre-VAT sales tax collection (2002-03 to 2004-05) and post-VAT (2005-06 to 2007-08) tax collection and the growth rate in each of the years is furnished below.

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[3] Ambassa, Charge I to VIII of Agartala, Teliamura and Charges at Udaipur.

Table No. 4.2.1

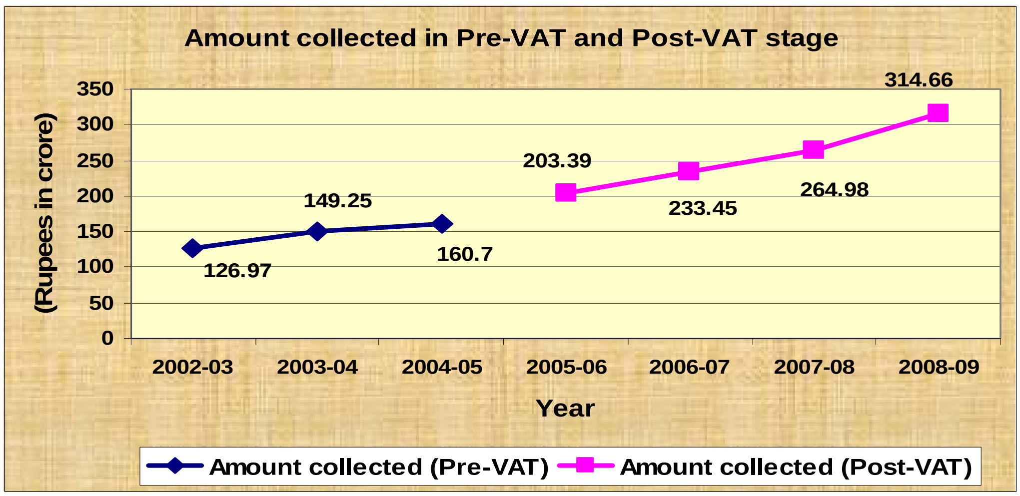
(Rupees in crore)

Pre-VAT			Post-VAT		
Year	**Actual collection**	**Percentage growth**	**Year**	**Actual collection**	**Percentage growth**
2002-03	126.97	20.01	2005-06	203.39	26.57
2003-04	149.25	17.55	2006-07	233.45	14.78
2004-05	160.70	7.67	2007-08	264.98	13.50
			2008-09	314.66 (Provisional)	18.75

Source: - Departmental figure.

The pre-VAT and post-VAT tax collection is depicted in the chart below:

Chart No. 4.2.1



The average growth rate during 2002-03 to 2004-05 was 15.08 *per cent* while the average growth rate for 2005-06 to 2007-08 was 18.28 *per cent*. Thus, the average growth rate increased during the period 2005-08 after the implementation of VAT.

4.2.6.2 Pending cases with Tribunal

The year-wise position of pending cases in Tribunal is shown in the table below:

Table No. 4.2.2

(Rupees in lakh)

Year	Opening balance		Addition during the year		Total		Disposal during the year		Total cases pending as on 31st March 2009	
	No. of cases	Amount involved	No. of cases	Amount involved	No. of cases	Amount involved	No. of cases	Amount involved	No. of cases	Amount involved
2005-06	50	82.70	19	12.85	69	95.55	Nil	Nil	69	95.55
2006-07	69	95.55	17	5.47	86	101.02	28	14.71	58	86.31
2007-08	58	86.31	2	Nil	60	86.31	Nil	Nil	60	86.31*
2008-09	60	86.31	Nil	Nil	60	86.31	3	0.94	57	85.37

Source : Departmental figures.

* 2 new cases with no involvement of amount as the excess tax paid adjusted, but under dispute

As on March 2009, an amount of Rs. 85.37 lakh remained unrealised due to non-settlement of 57 cases pending with the Tribunal.

The Department did not intimate audit about any remedial action taken to improve the position (October 2009).

System deficiencies

4.2.7.1 Preparedness and transitional process

Value Added Tax was initially introduced in Tripura through Ordinance No.1 of 2005 dated 17 February 2005 and finally TVAT Act, 2004 was enacted by the Tripura Legislative Assembly on 27 April 2005. Before the implementation of the new regime, the TVAT Act and Rules made thereunder were given wide publicity and the staff/officers in the Department were imparted training. However, the requirement of the staff was not worked out, which resulted in poor implementation of TVAT as discussed in the succeeding paragraphs.

4.2.7.2 Computerisation of the Taxation Department and the check gates and their interlinking

The Government of India made an agreement with M/S Tata Consultancy Services (TCS) to computerise the VAT system implemented in the North East States including Tripura with effect from 1 April 2005. The objectives were to facilitate computerisation of registration of dealers under VAT and CST, computerisation of check gates and related monitoring of inter State movement of goods, processing of returns, challans etc. The VAT and CST Management System (VCMS) is a web based system and the project is fully funded by the GOI. There are 16 modules available in the system. Of these, six[4] modules are not being used due to lack of training, hardware etc., as informed (May 2009) by the Department to the Government of India. Thus, the project is yet to be fully implemented throughout the State even after four years of introduction of VAT.

The Government may consider taking steps for implementation of all the modules and to provide necessary training to its staff.

Out of eleven units test checked in audit, it was noticed that VCMS facilities have not been extended to Agartala, Charge VIII and Teliamura. The VCMS server located at Guwahati, is accessed by the State through VSAT Link. The State Government has not been authorised to access to the VCMS database server. As a result the Department could not provide database to audit for analysis though demanded. On this being pointed out, the Department stated (November 2009) that most of the States in North East act as user only with restricted access.

Several returns and reports are required under TVAT Act and Rules but during test check it was seen that VCMS failed to generate some of the important reports[5] which were essential for day to day work. It was also seen that data entries were being made into the system only after collection of related information/data manually, defeating the purpose of computerisation.

[4] Assessment, Appeal, Field Enquiry, Refund, Recovery and Vigilance.

[5] Cancellation of Registration, Dealers turnover exceeding Rs. 40 lakh, Field Enquiry, Return Defaulter, Return information, Statutory Form and Unused TINS.

The Government may take necessary steps to provide full access to the modules developed.

4.2.7.3 Date of implementation of VAT

The VAT was initially introduced in Tripura through Ordinance No.1 of 2005 dated 17 February 2005 and finally Tripura Value Added Tax Act, 2004 was enacted by the Tripura Legislative Assembly on 27 April 2005 and was effective from 1 April 2005. Tripura Value Added Tax Rules, 2005 was published and notified in the Gazette on 27 April 2005.

4.2.7.4 Creation of manuals and training of the staff

Department did not prepare any Manual for guidance of the officials responsible for dealing with the activities of VAT after its introduction, in the absence of which it was difficult for them to cope up with the unique requirements of the new regime. They were also not imparted any training and no suitable arrangements for constituting internal check parties were made. All these had an adverse impact on the transitional process and proper monitoring of the functioning of the TVAT.

The Government may consider preparing a manual for day to day activities of the Department and imparting training to its staff for effective implementation of the provisions of the TVAT Act and Rules.

4.2.8 Registration and database of the dealers

4.2.8.1 Creation of database of the dealers

Section 60 (1) of TVAT Act, provides that the Commissioner shall from time to time cause a survey of the unregistered dealers to identify the dealers who are liable to pay tax under the Act, but have remained unregistered.

Audit noticed that no survey was conducted by the Department after the implementation of VAT to ascertain the unregistered dealers and update the database. On this being pointed out, the Department stated (July 2009) that the survey was conducted before introduction of VAT but the survey report was not readily available with it. Despite repeated requests the Department could not produce the report and audit could not, therefore, verify the claim.

4.2.8.2 Carrying forward of the database of the dealers under the repealed Acts and confirmation of the new dealers

During pre-VAT period, when registration was done manually, the Department did not maintain database of the dealers. However, it was seen in audit that all the dealers registered under Sales Tax regime were re-registered under VAT.

4.2.8.3 Registration of new dealers

The database of the dealers registered in the last five years is as below:

Table No. 4.2.3

Year	Total number of ST/TIN dealers	Percentage increase
2004-05	7,242	-
2005-06	13,870	91.52
2006-07	13,997	0.92
2007-08	14,947	6.79
2008-09	15,555	4.07

Source: Departmental figures.

Responding to an audit query, the Department replied (August 2009) that raids were conducted from time to time in the business premises to get the dealer registered whose turnover in any period exceeded Rs. 3 lakh.

4.2.8.4 Periodic analysis of the dealers below threshold limit

Periodic raids were conducted in the business premises of the dealers to determine whether any dealer crossed the threshold limit of turnover of Rs. 3 lakh at any point of time and to detect the unregistered dealers. However, in none of the eleven STs audited, registers were maintained to record the date of raid, name of business premises, result of raid etc. Further, no mechanism existed for periodic review of the dealers paying composite tax and to verify the turnover to pre-empt any scope of evasion of tax.

4.2.8.5 Periodic analysis of registration certificates to detect dormant registrations

No records were available in the Department to show whether periodic reviews of the registration certificates were conducted to detect unused TINs. Unused TINs could also not be verified from the VAT and CST[6] Management System (VCMS) due to non-availability of such information in the database.

The Government needs to ensure that all the eligible dealers are registered under the new regime.

Deficiencies in the Act and the Rules

The review indicated a number of deficiencies in the provisions of the VAT Act and the Rules, which persisted during the period covered under the review. Some of the important deficiencies are discussed below.

4.2.9 Returns

4.2.9.1 Mechanism to monitor filing of the returns

Under Section 24 of the TVAT Act, every registered dealer shall furnish a return in such form for such period, by such dates and to such authority as may be prescribed.

The position of submission of the returns during the period from 2005-06 to 2008-09 is shown in the table below:

6 Central Sales Tax.

Table No. 4.2.4

Year	Total number of TIN dealers	Number of TIN dealers who did not file returns	Percentage of dealers who did not file returns
2005-06*	13,870	4,458	32.14
2006-07	13,997	5,326	38.05
2007-08	14,947	5,363	35.88
2008-09	15,555	7,333	47.14

Source: Departmental figures.

*Prior to introduction of VAT, total number of the registered dealers was 7,242.

Audit indicated that no system existed to ensure submission of returns by all registered dealers. Also, the timeframe for submission of the returns has not yet been prescribed. Due to these deficiencies, the Department could not monitor filing of returns effectively.

4.2.9.2 Scrutiny and verification of the returns

Under Section 27 of the TVAT Act, each and every return is to be scrutinised by the assessing authority. However, audit scrutiny indicated that no time frame has been fixed by the TVAT Act or Rules framed thereunder or the Department for scrutiny of the returns. From the table below, it would be seen that large number of the returns were not scrutinised, reasons for which were not stated by the Department.

Table No. 4.2.5

Year	Number of returns due for submission	Number of returns received	Number of returns scrutinised	Percentage of returns scrutinised	Number of cases pending scrutiny as on 31st March (percentage)
2005-06	39,021	25,746	5,077	19.71	20,669 (80.29)
2006-07	37,390	28,550	5,713	20.01	22,837 (79.99)
2007-08	33,895	31,542	7,330	23.23	24,212 (76.77)
2008-09	40,347	25,129	7,473	29.74	17,656 (70.26)
Total	**1,50,653**	**1,10,967**	**25,593**	**-**	**85,374 (76.94)**

Source : Departmental figure

It is evident from the above table that during the last four years, 85,374 returns were left without scrutiny at the end of 31 March 2009 and the percentage of deficit was as high as 76.94 *per cent*.

The Government in the exit conference (October 2009) stated that within limited manpower, concerted efforts would be taken to clear the pending cases at the earliest.

The Government may consider prescribing a time frame for filing of the returns and verification thereof.

4.2.10 Tax audit

4.2.10.1 Process of selection of the dealers for tax audit

No provision has been made either in the TVAT Act or Rules regarding process, criteria or percentage of selection of the dealer and time frame for completion for tax audit, thus leaving scope of discretional picking up of cases with consequential adverse implications.

The details of the dealers selected for tax audit after the implementation of TVAT is summarised in the table below.

Table No. 4.2.6

Year	Total number of registered dealers	Dealers selected for Tax audit	Percentage of dealers selected	Number of cases completed	Pending cases as on 31.3.09	Percentage of pending cases
2005-06	13,870	232	1.67	138	94	41
2006-07	13,997	Nil	Nil	Nil	Nil	Nil
2007-08	14,947	Nil	Nil	Nil	Nil	Nil
2008-09	15,555	Nil	Nil	Nil	Nil	Nil

Source : Departmental figure

From the above table, it would be seen that abysmally low i.e. 232 (1.67 *per cent*) numbers of dealers were selected for tax audit for the assessment year 2005-06. Against this, 94 (41 *per cent*) cases still remain pending for tax audit as on 31 March 2009. Thereafter, no selection has been made during the years 2006-07 to 2008-09.

4.2.10.2 Time frame for completion of tax audit

No time frame has been fixed for completion of tax audit either in the Act or Rules, leaving scope for unreasonable delay in completion thereof and consequent loss of the revenue.

Out of 232 dealers selected for tax audit (from 13,870 dealers registered for the year 2005-06), audit was completed only in 138 cases as on 31 March 2009. As such, 13,732 (99.01 *per cent*) dealers remained out of the purview of the said audit even after three years of their registration.

Out of 138 tax audit cases completed by the Department, 31 were test checked in audit, which indicated that in all these cases, the Department had detected underassessment and raised additional demand of Rs. 12.87 lakh**.** The additional demands arose due to wrong interpretation of provision of the rules, irregular input credit of tax and escaping of turnover of the dealers from tax**.** Thus, possibility of loss of revenue from non-assessment of unselected 98.33 *per cent* of dealers for tax audit could not be ruled out.

As per Section 33 of TVAT Act, no assessment in tax audit shall be made after the expiry of five years from the end of the tax period to which the assessment relates. Thus, assessment of dealers for the year 2005-06 cannot be made after 31 March 2011. Non-assessment of these dealers through tax audit within 31 March 2011 could thus result in non-realisation of huge revenue of the State.

The Government stated (October 2009) in the exit conference that a system for selecting cases for tax audit on a regular basis, would be put in place.

The Government may consider stipulating a percentage, criteria for selection of the dealers and time frame for completion for tax audit.

4.2.11 Input tax credit

4.2.11.1 Deficiencies in the return forms

No provision has been made in the TVAT Act and Rules for furnishing copies of treasury challans in support of input tax credit on account of payment of tax by a third party. In absence of such provision, adequate verification and cross verification is not possible. Test check of 192 returns furnished by the dealers indicated that input tax credit (ITC) of Rs. 41,000 claimed by four dealers in their returns were allowed by the Department even though the dealers did not furnish, alongwith their returns, tax invoice in support of input tax credit, copies of treasury challans in support of input tax credit.

Thus, due to non-submission of the aforesaid documents, cross verification of the sales made by the dealer(s) from whom goods were purchased could not be made.

The Department stated (July 2009) that all necessary documents required for availing input tax credit would be examined at the time of assessment. Fact, however, remains that the essence of VAT is based on self assessment and these returns are final unless taken up for tax audit, the percentage of which is negligible as pointed out in paragraph 4.2.10. Thus, the returns should be self sufficient in the best interest of revenue. Besides, as per Section 33 of TVAT Act, no assessment shall be made after the expiry of five years from the end of the tax period to which the assessment relates. Hence, the reply of the Department is neither tenable nor implementable.

The Government may consider making it mandatory for the dealers to submit documents like tax invoice, copies of treasury challans along with the returns to make them self sufficient.

4.2.12 Deficiencies in uploading data in TINXSYS

Tinxsys website serves as repository of the inter State transaction and mainly aimed at helping commercial tax departments to effectively monitor inter State trade. The test check of the website indicated the following TINXSYS State Report.

Table No. 4.2.7

Reports	Result on verification
Status of Interconnectivity and Data Extraction	Correct data extracted showing nil status
Report on Data Availability	No data is available
Report on State wise usage	No. of visit - six and hours spent – 'nil'
Generate MIS reports	No MIS reports generated
View last updated date of CST dealers by various States	Data relating to Tripura is not available
View last updated date of Central Statutory Forms by various States	No data is available

The Government may ensure continuous updating of the information relating to the dealers of Tripura to make the website useful and informative.

4.2.13 System of sending the details of works contract/purchases by the Works/buying Departments to the Taxation Department

Sub-section (6) of Section 7 of the TVAT Act provides for submission to the Superintendent of Taxes, having jurisdiction over the area, a report of such deduction within 15 days from the date of deposit of such amount in Form XI.

This could not be verified in audit as no such record was maintained by the Department.

4.2.14 Acceptance and settlement of revision and appeal cases

Two Assistant Commissioners of Taxes[7] have been vested with the powers of appellate authority in respect of all the charges under the control of Commissioner of Taxes in Tripura.

As on 31 March 2009, Rs. 4.37 crore remained unrealised in 76 assessment cases pertaining to different years due to non-finalisation of cases pending with the revision authority. Age-wise positions of pending cases with the revision authority are given in the table below.

Table No. 4.2.8

(Rupees in crore)

Period for which pending	No. of dealers	Total number of assessment years involved	Amount involved
One month to 6 months	3	5	0.04
for one year	1	1	0.02
for two years	4	4	0.92
for three years and above	69	206	3.39
Total	**76**	**216**	**4.37**

For admittance of the appeal cases, dealers had to deposit 50 *per cent* of assessed dues and penalty as provided under sub-section (2) of Section 70 of TVAT Act. As on 31 March 2009, Rs. 32.27 lakh remained unrealised in 25 cases due to non-finalisation of cases pending with the appellate authority as detailed in the table below.

Table No. 4.2.9

(Rupees in lakh)

Year	No. of cases pending	Additions during the year	Cases disposed during the year	No. of cases pending at the end of 31st March	Amount involved
2005-06	14	190	184	20	1.20
2006-07	20	119	133	06	26.32
2007-08	06	149	147	08	2.21
2008-09	05	91	71	25	32.27

Audit noticed that neither the TVAT Act nor the Rules stipulates any time limit for completion of appeal and revision cases.

The Government may consider prescribing procedures and time frame for the disposal of appeals and revisions in the interest of revenue.

[7] ACT 1 = Charge I to IV, VI to VIII, Kailashahar and Udaipur.
ACT 2 = Charge V and Dharmanagar.

4.2.15 Internal control

4.2.15.1 Maintenance of registers in unit offices

No provision has been made either in the TVAT Act or Rules for maintenance of registers in unit offices. However, it was seen that unit office maintains demand and collection register and dealers' registration register.

4.2.15.2. Provisions for compilation of reports/returns received from unit offices and submission to the Commissioner for monitoring

No provision has been made either in the TVAT Act or Rules for submission of reports/returns. However, it was noticed that in the monthly meetings, all the Superintendent of Taxes submit the following reports/returns to the Commissioner of Taxes.

(a) Collection during the month

(b) Dealers' position

(c) Assessment done during the month

(d) Progressive collection upto the month

(e) Position of certificate case.

The Government may prescribe maintenance of various registers at the unit level from which the information on the reports/returns as stated above would flow. Also, they may prescribe periodic reports/returns by the unit offices which would make the management information system more effective.

4.2.16 Audit of Accounts

Sub-section (1) of section 53 of TVAT Act provides that the Commissioner may, by notification in the official Gazette, specify that the dealers whose gross turnover in a year exceeds Rs. 40 lakh get his accounts in respect of that year audited by an accountant within six months from the end of the year and a true copy of such report shall be furnished by such dealer to the Commissioner by the end of the month after expiry of the period of six months during which audit had been completed.

However, no such notification has yet been issued since implementation of TVAT Act. Besides, it has been verified in audit that the VCMS application in the system cannot generate the list of dealers whose turnover exceeds Rs. 40 lakh. Thus, even if the notification is issued, it will be difficult for the Department to ascertain the number of dealers who are liable to submit audited accounts.

The Government may expedite the process of issuing the notification making it mandatory for the dealers having turnover above Rs. 40 lakh to furnish audited accounts which would render a first point check on evasion of tax.

4.2.17 Internal audit

4.2.17.1 Existence of internal audit

One Directorate of Local Audit (DLA) at present functions in Tripura for conducting internal audit of the State Government Departments. The Department does not have its own internal audit.

4.2.17.2 Coverage of internal audit

The DLA has conducted the expenditure audit of only the office of the Commissioner of Taxes during the period covered under the review.

Since only a few returns would be taken up for detailed scrutiny in tax audit, the Government may consider setting up of a separate internal audit wing fully dedicated to scrutiny of returns and other aspects of functioning of the VAT administration.

Compliance deficiencies

4.2.18.1 Short deposit of tax and interest

Rule 18 of TVAT Act stipulates submission of various documents with the returns. However, test check of 3,072 returns indicated that most of the dealers did not submit along with their monthly/quarterly returns, the closing balance of stock, vouchers of goods purchased from local dealers, input credit accounts for availing input credit tax, TIN of the selling dealer(s) for cross verification of the selling dealer's authenticity etc. Further, it was noticed that in none of the 3,072 returns test checked, action was taken against any dealer for non-submission of the aforesaid documents.

During test check of 3,072 returns involving 64 dealers, it was noticed that Rs. 39.23 lakh had been short deposited by the dealers. Short deposits were mainly due to irregular availing of input credit tax due to calculation mistake, short deposit of interest for delayed payments and non-levy of penalty for delayed submission of the returns/revised returns.

4.2.18.2 Inadequate documentation

Provisions have been made in the Act and Rules for declaring details of the selling dealers in Form 37. However, test check of the returns indicated that in most of the cases, details of the selling dealers, i.e. TIN number, name of selling dealer etc were not mentioned in the return.

Rule 33 of the TVAT Act provides that one copy of challan retained by the treasury or sub-treasury or bank shall be transmitted to the Superintendent on the following day of the payment. Every treasury and sub-treasury or bank officer shall send an advice list to the superintendent of the area within the 7th day of every month showing the amounts received in the previous month. The advice list shall contain the challan number, date, the name of the dealer and the amount paid.

Necessary cross checking of the amounts deposited could not be done by the Department as none of the eleven audited charges received bank scrolls from the concerned banks since inception of TVAT till 31 March 2009.

Other points of interest

4.2.19 Provisional Assessment

Sub-section (1) of Section 30 of TVAT Act provides that where a registered dealer fails to furnish the return in respect of any tax period within the prescribed time, the Commissioner shall, notwithstanding anything contained in Section 31, proceed to assess the dealer provisionally for the period of such default.

Though there were huge number of returns pending submission as shown in paragraph 4.2.9.1, only two dealers have been taken up for provisional assessment raising additional demand of Rs. 6,999 upto 31 March 2009.

4.2.20 Conclusion

Transition from Tripura Sales Tax to Tripura Value Added Tax had suffered due to several deficiencies in transition process mainly due to gaps in the Act and Rules thereof and non-compliance of provisions. There was lack of planning which resulted in ineffective implementation even after more than four years of introduction of VAT in the State. As a result, the Department could neither achieve the target for collection of taxes nor provide any assurance that all eligible dealers have been registered under the new regime. The TVAT Act and Rules thereunder have many deficiencies as provisions have not been made for selection process for assessment and stipulated period for completion of tax audit once taken up. Tax audit, a vital part of Tax Administration, was almost non-functional. The quantum of tax audit selection and completion was insignificant in comparison with the total number of registered dealers.

4.2.21 Summary of recommendations

The Government may consider the following recommendations to rectify the system and compliance deficiencies to:

- prepare a manual for day to day activities of the Department for post-VAT period and impart necessary training to its staff;
- undertake periodic surveys to ensure that all the eligible dealers are registered under the new regime;
- provide a time frame for filing of returns and verifications thereof;
- make it mandatory to submit documents like tax invoice, copies of treasury challans along with the returns;
- ensure updating the information relating to the dealers of Tripura to make the website successful;
- stipulate percentage, criteria for selection of dealers and time frame for completion of tax audit;

- set procedures and time frame for disposal of Appeals and Revisions;
- prescribe maintenance of various registers at the unit level and submission of reports/returns by the unit offices; and
- address the system deficiencies in the Act and Rules to maximise revenue collection of the State.

INDUSTRIES AND COMMERCE DEPARTMENT
(Geology and Mining)

4.3 Review on 'Receipts from mines and minerals'

Highlights

Inordinate delay in processing of lease applications resulted in non-realisation of potential revenue of Rs. 39.24 crore.

(Paragraph 4.3.7.1)

Arbitrary quantification of allowable utilisation of natural gas in mining operation led to non-realisation of revenue of Rs 16.05 lakh.

(Paragraph 4.3.8)

Non-levy of surface rent resulted in non-realisation of revenue of Rs. 4.21 crore.

(Paragraph 4.3.10)

Non-levy of the interest and penalty on delayed payment of the royalty resulted in non-realisation of Rs. 12.57 lakh.

(Paragraph 4.3.11)

Non-application of revised price for computation of the royalty on Natural Gas supplied to the Tripura Natural Gas Company Limited (TNGCL) during 2006-07 to 2008-09, led to a short payment of the royalty of Rs. 12.29 lakh.

(Paragraph 4.3.12)

Short payment of the royalty on casing-head condensates produced in mining operation resulted in non-realisation of revenue of Rs. 28.07 lakh.

(Paragraph 4.3.13)

Non-enforcement of provisions of lease agreement resulted in non-realisation of revenue of Rs. 14.12 crore.

(Paragraph 4.3.14)

Non-payment of the royalty on full quantity of natural gas extracted by Oil and Natural Gas Corporation Limited (ONGCL) during 2006-07 to 2008-09, reflected in the monthly return of production, resulted in short realisation of revenue of Rs. 2.22 crore.

(Paragraph 4.3.15)

The Department failed to undertake surveillance of the leased mines to guarantee lawful exploration and environmental protection.

(Paragraph 4.3.16)

4.3.1 Introduction

Tripura is endowed with large deposits of natural gas with an accretion of 59.423 billion cubic meters (BCM) (ultimate reserve of 35.00 BCM). The exploration success ratio is 1:2 which is higher than (40 *per cent* and 25-30 *per cent* in case of Gujarat and Assam respectively) other major natural gas sources in the country. Prospecting and mining of minerals (as of now natural gas only), assessment, levy and collection of royalty and other mining revenue are governed by the Central Act and Rules *viz*. (i) Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 (ii) The Mineral Concessions (MC) Rules, 1960 (iii) The Mineral Conservation and Development (MCD) Rules, 1988 and (iv) The Petroleum and Natural Gas (PNG) Rules, 1959. State Government had not enacted any set of Act and Rules for regulation of receipts of mines and minerals in the State.

The receipts from mines and minerals comprise application fees for mining lease/prospecting licence, royalty, dead rent, surface rent, fines/penalties and interest for belated payment of dues. As of March 2009, there were five[8] Petroleum Exploration Licences (PEL) comprising an area of 6,308.42 sq km and 11[9] Petroleum Mining Leases (PML) covering a lease area of 76.57 sq km (held by Oil and Natural Gas Corporation Limited (ONGC) except one[10] PEL). Subsequently, approval of the Ministry of Petroleum and Natural Gas (MoPNG), Government of India for another seven[11] PML to ONGC comprising lease area of 1,221.14 sq km have since been obtained and executed (March 2009). The total leased area as on 31 March 2009 is 1,297.71 sq km[12], which is 12.37 *per cent* of the total State area of 10,491.69 sq km.

4.3.2 Organisational set up

Industries and Commerce Department (ICD), Government of Tripura controls the mining activities in the State. ICD is headed by a Principal Secretary and at the department level by a Director. The Director is assisted by an Assistant Director of Industries and Commerce, one Manager (Industries), one Surveyor, one Superintendent (General) and two other non-technical staff.

4.3.3 Scope of audit

Audit test checked records maintained in the Geology and Mining Cell of ICD in respect of all five PELs and 11 PMLs relating to the period from 2004-05 to 2008-09, during May-June 2009.

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[8] (i) Large area (ii) NELP 3rd round (iii) NELP 4th round (iii; (iv) North Agartala (v) West Tripura.
[9] Agartala Dome (2), Baramura (4), Konaban (2) and Rokhia (3).
[10] M/s Jubilant Oil & Gas Pvt. Ltd. in partnership with GAIL holds one PEL for 1680 sq km.
[11] Agartala Dome, Baramura, Gajalia, Konaban, Manikyanagar-Sonamura extension, North Tripura and Tichna.
[12] 76.57 sq km + 1,221.14 sq km.

4.3.4 Audit objectives

The review was conducted to ascertain whether:

- the provisions of the Acts/Rules were properly observed in execution of the licences/leases,
- the rules and regulations governing realisation of receipts were complied with,
- adequate safeguard exists for detection of incorrect reporting of production and removal of natural gas, failure in payment of correct royalty and follow up action ensuring instances of such defaults are pursued to their logical conclusions, and
- effective internal control mechanism existed for monitoring the functioning of the Department and to prevent leakage of revenue.

4.3.5 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation of the Industries and Commerce Department in providing necessary information and records for the review. The review started with an entry conference with the Principal Secretary, Industries and Commerce Department, Government of Tripura and other departmental officers on the 6th April 2009 in which the audit objectives scope of audit and methodology were explained. Audit findings were discussed with the Department in an exit conference on the 5th August 2009. The departmental replies on audit observations were incorporated at appropriate places.

Audit findings

4.3.6 Trend of revenue

The main source of revenue from mines and minerals are fees and rents on account of PEL and PML, besides royalty at the rate of 10 *per cent* of the price fixed by the Central Government from time to time on natural gas extracted/mined at well head.

The budget estimates (BEs), actual receipts (ARs) and the variations between the BEs and the ARs of the ICD for the last five years are shown in table below:

Table No. 4.3.1

(Rupess in crore)

Year	Budget estimates (BEs)	Actual receipts (ARs)	Variation between BEs and ARs	Percentage increase (+) decrease (-)
2004-05	8.00	6.99	(-) 1.01	(-) 12.63
2005-06	6.50	8.47	(+) 1.97	(+) 30.31
2006-07	7.00	9.25	(+) 2.25	(+) 32.14
2007-08	16.0	9.30	(-) 6.70	(-) 41.88
2008-09	20.10	9.34	(-) 10.76	(-) 53.53

Source: (1) Annual Financial Statements (2) Departmental records.

The above table shows variation between the BEs and the ARs ranging between 13 to 54 *per cent*. Audit scrutiny indicated that the forecast was not based on any study of past trends or future potentials. The BEs are fixed by the Finance Department and the administrative department does not have any mechanism to determine BEs. There was no evidence that the budgeting of mining receipts is done by the department in a scientific manner to optimise mining revenue and to prevent revenue losses.

System deficiencies

4.3.7 Delay in processing lease applications

State Government grants petroleum mining lease (PML) to the applicants with prior approval of MoPNG for an initial period of 20 years subject to renewal for further periods.

As per provisions of the MC Rules, the Government is required to dispose of the application for grant of a mining lease within 12 months from the date of its receipt**.**

Audit scrutiny (June 2009) indicated that there was no system of monitoring the timely settlement of the lease applications at any level. ICD neither maintained any records nor were any reports/returns prescribed to be furnished to the Government to monitor the receipt, settlement and pendency of the applications for lease/renewals.

It was noticed that ONGC had applied for seven mining leases (six[13] in February 2006 and one[14] in July 2008) covering an area of 1,221.135 Sq km having production potential of 39.35 lakh SCM[15] natural gas per day. ICD took about two years in processing the first six applications and forwarded (January 2008) to MoPNG for approval. MoPNG's approval was obtained in December 2008 and the lease deeds were executed in March 2009. The delay in deciding on the lease applications and deficiencies in the lease agreements resulted in loss of revenue as discussed in the subsequent paragraphs.

4.3.7.1 Loss of royalty due to non-finalisation of lease applications

Audit scrutiny (June 2009) indicated that all the areas for which the aforesaid mining leases were applied, have been in possession of ONGC under PEL issued earlier and mining leases (MLs) were granted (March 2009) retrospectively with effect from February 2006, as sought by ONGC i.e. more than three years prior to MoPNG's approval and actual execution of lease deeds. ICD failed to confirm whether any mining activities were carried out by ONGC in these areas prior to actual execution of lease deeds as no inspection of these areas was ever done by the Department.

Test check of the ML applications disclosed that scheduled production from the first six ML areas (933.135 sq km) with daily production potential of 37.85 lakh SCM was intimated by the ONGC to commence from 1 October 2007. The delayed execution of the lease deeds delayed the production schedule by at least 18 months (October 2007 to March 2009) involving royalty of Rs. 39.24 crore[16].

The Government may consider preparing action plan for optimum exploration of the State natural resources to augment the revenue of the State.

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[13] Agartala Dome, Baramura,Gajalia, Konaban, Manikyanagar-Sonamura extension and Tichna.
[14] North Agartala.
[15] Standard Cubic Metre.
[16] 10 *per cent* of {(37.85 lakh SCM x 30 days x 18 months) x (Rs. 1920.00/1000)}.

The Government stated (September 2009) that the delay was actually the processing time taken to justify the requirement of ONGC for additional PML area in terms of enhanced productivity of natural gas before recommending and forwarding the PML applications to the Central Government. The fact remains that the applications were pending for more than two years which was in violation of the MC Rules. Moreover, the applications were forwarded (January 2008) to the Central Government after about a year from the time the decision to recommend the cases was taken at the highest level in February 2007.

4.3.7.2 Loss of revenue due to defective lease agreements

The MMDR Act provides that dead rent at the prescribed rate is payable to the Government every year by the holder of a mining lease for the entire leasehold area if operation is not carried out. PNG Rules (Amended) effective from 1 April 2003, revised the rate of dead rent from Rs. 12.50 to Rs. 25.00 per ha for first 100 sq km and from Rs. 25.00 to Rs. 50.00 per ha exceeding the first 100 sq km, provided the lessee shall be liable to pay only the dead rent or royalty whichever is higher but not both.

It was noticed in audit that all the seven ML agreements executed in March 2009 provided for the payment of annual dead rent at pre-revised rate without taking into account the revision effective from April 2003. This resulted in defective lease agreements which led to Rs. 55.00 lakh loss of Government revenue **(Appendix 4.1)**.

The Government stated (September 2009) that steps were being taken in consultation with ONGCL to amend the lease agreements incorporating the revised rates of dead rent. Report on action taken has not been received.

The Government may consider instituting a monitoring system to ensure correct and timely levy of revenue and its collection.

4.3.8 Loss of revenue due to arbitrary quantification of allowable utilisation of Natural Gas in mining operations

Section 6A(3) of the ORD Act, 1948 and the PNG Rules, 1959, stipulate that no royalty shall be payable in respect of any crude oil, casing-head condensate or natural gas, which is used for drilling or other operations, relating to the production of petroleum or natural gas. The Rules as well as the PML agreements did not, however, specify any standard quantum of such utilisation.

Audit scrutiny of the monthly returns exhibiting gross production and internal use of natural gas furnished by ONGC indicated wide variation in internal utilisation from year to year. The percentage of operational utilisation to total production ranged between 0.006 (2007-08) and 0.250 (2004-05). Though, ONGC claimed that the State Government approved the quantity, the Department on the other hand stated (June 2009) that neither any approval was sought by the ONGC on this account nor was any approval granted. The wide variation in internal use from year to year and from field to field had neither been scrutinised by the State Government nor explained by ONGC.

In the absence of any specified standard for use of natural gas in mining operation, excess utilisation, if any, is not quantifiable. However, taking the average trend of operational use in Rokhia Gas Field, which reported a uniform pattern averaging 0.06 *per cent* of the gross production during the last five years (2004-05 to 2008-09), the operational utilisation for gross production of 25,827.90 lakh SCM natural gas in the four[17] gas fields during the last 5 years comes to 15.50 lakh SCM, as against 25.63 lakh SCM exhibited and excluded from the payment of royalty. Thus, 10.13 lakh SCM excess gas utilised in mining operation compared to the normal trend of utilisation of its Rokhia gas field resulted in undue exemption from payment of the royalty to State Government.

Thus, absence of standard quantum of norm for internal use in mining operation in the PMLs allowed ONGC to arbitrarily quantifying the quantity. This resulted in non-realisation of Rs. 16.05 lakh during 2004-05 to 2008-09.

The Department stated (June 2009) that the demand for the discrepant amount of revenue would be raised soon. Government stated (September 2009) that it was not aware of any standard norm for utilisation of natural gas in mining operation and forwarded ONGC's view that "internal consumption of gas is field and installation specific and depends on the level of sophistication, automation, safety and capacity utilisation etc.". The reply does not address the need to have a standard norm in all conditions to control misuse and arbitrary quantification by the lessees.

4.3.9 Internal control and internal audit

The internal audit wing of an organisation is a vital component of its internal control mechanism and is generally defined as the control of all controls to enable the organisation to assure itself that the prescribed systems are functioning reasonably well.

Audit scrutiny indicated that there existed no internal audit wing in the Department either to assess, levy, collect and raise demands for the government dues or monitor and control the affairs of the Geology and Mining Cell which led to late raising of demands, short collection of receipts and improper accounting and functioning of the mineral administration in the State.

The Government may consider setting up of departmental internal audit wing in order to strengthen the internal control mechanism.

4.3.9.1 Demand and Collection Register (DCR) is a key control document, required to be maintained for effective monitoring and control over the assessment and collection of the royalty, dead rent and other relating government dues. It should contain particulars of all licences and leases, lease holders, period of lease, commencement of operation, details of monthly production, royalty/fee payable and paid with cheque/challan number and date etc.

[17] i) Agartala Dome, ii) Baramura, iii) Konaban and iv) Rokhia.

Test check of the records indicated that the ICD did not maintain basic records like demand, collection and balance registers or any other control registers to watch the licenses or leases. The lessee themselves deposited the amount payable to the Government, which were never scrutinised by the Department.

The Government stated (September 2009) that a Demand and Collection Register had been already opened and maintained and assured to undertake quarterly reconciliation.

4.3.9.2 In order to ensure that the royalty is paid on correct quantities, the departmental officers are empowered to carry out necessary inspections of the mining documents and to verify the correctness of the returns submitted by the lessees/licencees. No competent technical manpower was available in the Geology and Mining Cell to conduct inspection of any of the five licenses and 11 leases in operation.

An effective internal control tool should be in place to carry out necessary inspection of the mining documents and to verify the correctness of the returns submitted by the lesssees/licencees.

Government stated (September 2009) that the internal control system would be strengthened and action would be taken for regular inspection of the leased/licensed areas by a competent team.

Compliance deficiencies

4.3.10 Non-levy of surface rent

Under Rule 13 (2) (b) of the PNG Rules read with clause 1(b) of Part V of the lease deeds, the lessee of a mine is liable to pay annual surface rent (SR) for the surface area of land actually used for the purpose of the mining operations at such rate (per hectare per annum) as fixed by the Government. As per the Government of Tripura Notification of December 1984, surface rent at the rate of Rs. 450 per ha per annum (equivalent to the land revenue on non-agricultural land in the State) was fixed for the purpose PML.

Audit scrutiny indicated that for the two[18] MLs of 4.71 sq km and 2.223 sq km allotted to ONGC since July 1984 and March 1987 respectively, SR at the rate of Rs. 450 per ha for the entire area covered under the lease was approved by the MoPNG and accepted by ONGC. Accordingly, ONGC paid Rs. 54.26 lakh as SR for the entire ML areas upto March 1992. Meanwhile, another eight[19] MLs spreading over an area of 68.83 sq km were issued to ONGC between November 1988 and January 1998. ONGC, however, stopped further payment of SR stating that the Rule provides for payment of SR only on the land actually used in mining operation and not on the entire lease area. The matter was referred to the MoPNG which clarified that SR is payable only on the surface area actually utilised in mining operation provided that

[18] Baramura (2).
[19] Agartala Dome (2), Baramura (3), Konaban (1) and Rokhia (2).

the surplus land within the ML area is available to the State Government for utilisation for other purposes. On the basis of this interpretation, the State Government maintained that the entire land surface under the lease area is in the possession of ONGC and not available for utilisation to Government for any other purpose, hence SR is payable on the entire leased area. The matter remained unresolved as of June 2009 resulting in surface rent of Rs 4.21 crore[20] for the last five years (2004-05 to 2008-09) remaining unpaid till the date of audit.

The Department stated (June 2009) that the matter would be taken up with the appropriate higher authority for expeditious settlement. Government to whom the matter was referred (July 2009) stated (September 2009) that a decision has been taken to ascertain the present dues (on actual area utilisation basis) subject to the condition that the applicability of surface rent for the whole area or any change in the relevant Act and Rules made by the Central Government would be binding on ONGC.

4.3.11 Non-levy of the interest and penalty

Rule 14(1)(a)(ii) of PNG Rules, 1959, as amended from time to time, stipulates that a lessee shall pay to the State Government a royalty in respect of any mineral mined, excavated or collected by him from the leased area at the rates specified from time to time. The royalty shall be payable on monthly basis, as may be provided in the lease (clause 4 (ii) of Part VI) and shall be paid by the last day of the month succeeding the month in respect of which it is payable. Rule 23 (1) of the PNG Rules as amended from 1 April 2003, further provided that all license fees, royalties and other payments under these rules shall, if not paid to the Government within the time specified for such payment, be increased by a penal rate of 200 basis points over the prime lending rate of the State Bank of India during which such fees, royalties or other payments remain unpaid.

Audit scrutiny (June 2009) indicated that in 15 cases pertaining to the period between April 2004 and January 2009, ONGC paid royalty of Rs. 8.30 crore on the mining of natural gas with delay ranging between six to 85 days. The Department neither served any notice nor levied the interest with due penalty on the delayed amount of royalty payment beyond the due date. This resulted in non-levy of penal interest of Rs. 12.57 lakh.

The Department while accepting the lapse stated (June 2009) that the demand for the penal interest would be raised shortly. The Government stated (September 2009) that demand for payment of the interest with penalty has been raised.

4.3.12 Non-application of revised price of Natural Gas for computation of royalty

MoPNG issued order dated 20 June 2005, revising APM[21] gas prices, other than power and fertiliser sector consumers. The prices effective from 5th/6th June 2006 for

[20] Rs. 84.25 lakh per year for five years.
[21] Administered Pricing Mechanism.

the City Gas Distribution Projects and Small Consumers were revised from Rs. 1,920 to Rs. 2,304 per thousand SCM for North Eastern Consumers. MoPNG further revised (Order dated 27 June 2006) the rate of APM gas for supplies to Industrial and Commercial Consumers at market price from Rs. 1,920 to Rs. 3,200 per thousand SCM.

Accordingly, Gas Authority of India Limited (GAIL), the marketing and supplying agency of gas mined by ONGC in Tripura, revised the gas prices supplied to the Tripura Natural Gas Company Limited (TNGC) for their three projects, as shown below:

- Agartala City Gas Distribution at the rate of Rs. 2,304 per thousand SCM with effect from 5th/6th June 2006,
- Industrial Growth Centre at Bodhjungnagar at the rate of Rs. 3,200 per thousand SCM (inclusive of royalty) with effect from 2006-07 and
- Brick Kilns at Rokhia at the rate of Rs. 2,304 per thousand SCM (including royalty) with effect from 5th/6th June 2006.

Though, GAIL charged the consumer (TNGC) at the revised rates as detailed above, ONGC during the period from 2006-07 to 2008-09 paid royalty to the State Government on the pre-revised price of Rs. 1,920 per thousand SCM for the entire quantity of natural gas sold to TNGC after the price revision. The non-application of the revised prices (which had been realised from the consumer) for computation of royalty payable to the State Government by ONGC resulted in short payment of royalty of Rs. 12.29 lakh on 2.81 crore SCM natural gas supplied to the TNGC during the period from 2006-07 to 2008-09.

The Department stated (June 2009) that the matter had already been taken up with lessee and a demand for the discrepant royalty would be raised shortly. The Government stated (September 2009) that the matter has been taken up with ONGCL and MoPNG, for which reply has not been received (September 2009).

4.3.13 Short payment of royalty on casing-head condensates

Rule 14(1)(a)(ii) of PNG Rules, 1959 stipulates that a lessee shall pay to the State Government a royalty on crude oil and casing-head condensates[22] obtained from mining operations at the rates fixed by the Central Government from time to time.

The ORD Act, 1948 and Rules framed there under stipulate that the royalty on casing-head condensates obtained in mining operation is to be paid at a fixed amount per MT as specified by the Central Government from time to time, similar to crude oil. ONGC, Tripura Asset, however, maintained that for condensates formed out of natural gas, the royalty is applicable at rates payable for natural gas at the rate of 10 *per cent* of gas price of Rs. 1,920 per 1,000 cubic metre as against Rs. 481 per MT for

[22] "Condensate" as defined in the PNG Rules means those low vapour pressure hydrocarbons obtained from natural gas through condensation or extraction, which are in the form of liquid at normal surface temperature and pressure conditions.

crude oil and condensates. ONGC, however, agreed (January 2008) to pursue with the MoPNG for notification of the rate actually applicable to condensates or assessing the royalty as per the practice followed in other regions. As of now (June 2009), neither has the ONGC communicated the outcome of their efforts, nor have the State Government taken any step to obtain clarification on the issue. Consequently, ONGC continues to pay royalty on condensates at the gas price.

Annual Accounts of ONGC, Tripura Asset for the years 2005-06 to 2008-09 reveals that the sale price received by the unit on the crude oil condensates during the four years was Rs. 3.43 crore[23]. The total royalty due to the State Government from ONGC at 10 *per cent* of the price of condensates was Rs. 34.26 lakh. Scrutiny of the royalty payment statement, however, indicated that ONGC had paid Rs. 6.19 lakh as royalty on condensates during the 4 years (2005-06 to 2008-09) adopting a calculation formula of 10 *per cent* of the gas price at Rs. 1,920 per 1,000 SCM at 10,000 K.Cal calorific value instead of the actual sale price of the condensates. This resulted in short payment of the royalty amounting to Rs. 28.07 lakh.

The Department stated (June 2009) that the matter would be taken up with the ONGC and a demand for the balance royalty would be raised shortly. The Government stated (September 2009) that the matter was referred to MoPNG for clarification, for which reply has not been received.

4.3.14 Non-enforcement of provisions of lease agreements

Audit scrutiny of the seven mining lease agreements entered in March 2009 indicated that due to non-enforcement of pre-revised rate of dead rent as well as surface rent as provided in the lease agreements, Rs. 14.12 crore had not been realised as detailed below:

- Clause 1(a) of part V of the ML agreements provided for payment of dead rent with effect from 1 February 2006. However, the ICD had not levied dead rents in any of the aforesaid seven MLs as of June 2009, resulting in non realisation of revenue Rs. 55 lakh[24].
- Clause 1(b) of Part V of the aforesaid ML agreements provided for payment of surface rent for the surface area of land actually used for the purpose of the operations conducted under the lease @ Rs. 450 per ha per annum with effect from 1 February 2006 (for six MLs) and 1 July 2008 (for one ML) payable half yearly in January and July each year. ICD neither levied and raised any demand for the surface rent on the aforesaid seven MLs nor was paid by ONGC as on June 2009. As a result, surface rent of Rs. 13.57 crore[25] for the

[23] 2005-06 : Rs. 45.65 lakh; 2006-07 : Rs. 52.18 lakh;2007-08: Rs. 114.46 lakh and 2008-09: Rs. 130.30 lakh.

[24] The dead rent payable for 933.135 sq km i.e. 93,313.50 ha (first six MLs) for three years (2006-09) and for 288 sq km i.e. 28,800 ha (one ML) for nine months (July 2008 to March 2009).

[25] Surface rent for 933.135 sq km i.e. 93,313.50 ha (first six MLs) for three years (2006-09) and for 288 sq km i.e. 28,800 ha (one ML) for nine months (July 2008 to March 2009) @ Rs. 450.00 per ha per annum.

period from February 2006 to March 2009 remained unassessed and unrealised as on date (June 2009).

Government stated (September 2009) that the demand for payment of dead rent and surface rent has been raised (August 2009).

4.3.15 Short realisation of royalty on Natural Gas

Rule 14(1)(a)(ii) of PNG Rules stipulates that a lessee shall pay to the State Government a royalty on natural gas obtained at well-head from mining operations at ten *per cent* of the price of the product. MoPNG fixed the price of natural gas with effect from June 2005 at Rs. 1,920 per 1,000 SCM with calorific value of 10,000 Kilo Calorie (K. Cal.). A rebate or premium was liable to be deducted or added for the gas with lower or higher calorific value. The average calorific value of the gas available in Tripura was 8,250 K. Cal.

As per the MCD Rules, 1988, the lessee is required to submit returns to the Indian Bureau of Mines (IBM) and the State Government showing minerals raised and despatched. Audit scrutiny indicated that there was no system of cross verification of the particulars of minerals raised and despatched as shown by the lessee in the returns with those furnished to the IBM or other departmental authorities to pre-empt any scope of evasion of the royalty.

Audit scrutiny of the records indicated that the ONGC paid the royalty through cheques for 15,911.39 lakh SCM of natural gas extracted during the three years period from 2006-07 to 2008-09 (no discrepancy was noticed during 2004-06) as reported to the State Government through the royalty deposit statement. Cross verification of the monthly returns of production of the natural gas furnished separately by the ONGC to the Department, indicated that 160,51.48 lakh SCM of natural gas was actually extracted during the same period from the four[26] gas fields in the State, for which royalty was payable to the Government. Thus, non-accounting of 140.09 lakh SCM of natural gas (after internal utilisation) while computing royalty resulted in short realisation of Rs. 2.22 crore, as detailed below:

Table No. 4.3.2

Year	Net production at well head as per monthly return	Actual quantity on which royalty was paid	Net discrepancy	Amount of royalty @ 10 *per cent* of Gas price
	(In lakh SCM)			*(Rupees in lakh)*
2006-07	5,199.15	5,193.94	5.21	8.26
2007-08	5,332.24	5,331.44	0 80	1.27
2008-09	5,520.09	5,386.01	134.08	212.37
Total	**16,051.48**	**15,911.39**	**140.09**	**221.90**

Source: Departmental records

The Government stated (September 2009) that the discrepancy in production and the royalty payments was due to typographical and totalling errors, which have been reconciled and demand raised for payment of the differential royalty. The

[26] Agartala Dome, Baramura, Konaban and Rokhia.

Government also stated (September 2009) that henceforth a quarterly reconciliation of the production statement would be done.

4.3.16 Absence of mineral surveillance

According to Clause 8 of Part VII of the lease deeds, the State Government is required to ensure that the mineral surveillance is adequately exercised with a view to systemic development and regulation of minerals in the State and the minerals are explored in lawful manner as per the terms and conditions of the license and lease with adequate protection of the environment.

It was noticed in audit that none of the leased areas were inspected (till June 2009) by ICD. **No system or procedure existed for inspection of the leased premises.** Non-inspection of the premises may have adverse implication on supervisory function to ascertain whether:

- adequate measures were adopted for preservation, conservation and development of oil and natural gas
- exploration activities were carried out without damage to the surrounding environment and natural resources
- adequate safeguard exists against destruction of prospective other mineral sources
- adequate measures for the safety of the workers of mines were adopted and the exploration/mining activities were carried out following the conditions laid down for forests conservation.

The Government stated (September 2009) that action would be taken up for regular inspection of the leased areas involving State Pollution Control Board and Forest Department in the inspection team. Further, it stated that engagement of a third party for analysing the impact of exploration and drilling on the environment was also under consideration.

4.3.17 Conclusion

The Department failed to assess its role to ensure optimum exploration of State's vital natural resources and in turn augment the revenue by harnessing the same. There was no system to scrutinise the various agreements for licences and leases to ensure the protection of the interest of the State. Several discrepancies and instances of loss of revenue were noticed by audit as no checks were undertaken by the Department to ensure correctness of the revenue deposited by the licensees/lessees. There were contentious issues, which need early resolution. The Department also failed to undertake surveillance on the leased mines to guarantee lawful exploration, optimise revenue and ensure environmental protection. An effective internal control system in the Department which could have pre-empted the shortcomings, was non-existent.

4.3.18 Summary of recommendations

The Government may consider taking the following action:

- prepare action plan for optimum exploration of the State natural resources to augment the revenue of the State;
- establish technically competent machinery to oversee the various issues in the grant of PML and PEL to guarantee the protection of the interest of the State;
- ensure strict compliance to provisions of the licenses/leases;
- institute system and strengthen the mechanism to ensure correct and timely levy and collection of revenue;
- conduct periodic inspections of the leased mines to ensure lawful extraction of minerals and ensure protection of environment;
- involve the highest authorities in Government to expedite settlement of contentious issues; and
- constitute an effective and independent internal audit unit.

FINANCE (EXCISE AND TAXATION) DEPARTMENT
(SALES TAX/VALUE ADDED TAX)

4.4 Other audit observations

Scrutiny of assessment records of Sales tax/value added tax (VAT) indicated cases of non-observance of provision of Acts/Rules, non/short levy of tax/ penalty/interest as mentioned in the succeeding paragraphs. These cases are illustrative and are based on test check carried out in audit. Such omissions on the part of assessing authorities (AAs) are pointed out in audit each year, but not only the irregularities do persist; these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system including strengthening of internal audit.

4.5 Short levy of sales tax

Irregular authorisation of CENVAT Credit led to short levy of sales tax of Rs. 33.61 lakh (including interest and penalty).

Central Excise tax is levied on the manufacturer of goods, when those goods leave the place of manufacture. Excise duty is also leviable on intermediate products, used in manufacture of final products. Excise duty so paid becomes a manufacturing expense and forms a part of the sale price of the goods. Manufacturers may offset duty paid on materials used in the manufacturing process by using that duty as credit against excise tax under Central Value Added Tax Credit (CENVAT Credit) (formerly known as MODVAT). Manufacturers may, therefore, utilise the CENVAT Credit towards payment of duty of excise of any final products. For concealment of turnover, the interest as well as penalty are leviable at prescribed rates.

Scrutiny (January 2009) of the records of the Superintendent of Taxes (ST), Charge-V, Agartala indicated that in the annual returns for the years 1996-97 to 2004-05, a dealer[27] reduced its manufacturing accounts to the extent of Rs. 87.99 lakh, which was obtained as CENVAT credit, resulting in reduction of the turnover. The Assessing Authority (AA) in its assessment[28] (November 2007), irregularly computed sales tax of the dealer for those years on the reduced turnover, without taking into account the excise duty actually paid by the dealer on the inputs/raw material used in final products. This resulted in short levy of tax of Rs. 33.61 lakh (Tax: Rs. 11.42 lakh, Interest: Rs. 20.48 lakh and Penalty: Rs. 1.71 lakh) during the years.

The Superintendent of Taxes stated (May 2009) that based on the audit observation, the case was re-assessed and demand notice served on the dealer to deposit the entire amount of Rs. 33.61 lakh. A report on recovery has not been received.

The matter was reported to the Government in June 2009; their reply had not been received (September 2009).

[27] M/s Basanta Engineering, a manufacturer and seller of electronic equipment taxable at 12 *per cent*.
[28] Under section 9(3) of TST Act, 1976.

4.6 Short levy of the sales tax due to concealment of turnover

Under-assessment of the sales tax, non-assessment and under-assessment of additional sales tax by the assessing authorities and erroneous assessments of sales tax due to concealment of turnover by dealers, not noticed by the assessing authorities resulted in short levy of sales tax of Rs. 81.17 lakh including penalty and interest.

According to Section 13 of the Tripura Sales Tax (TST) Act, 1976, if the Commissioner in the course of any proceedings is satisfied that any dealer has concealed particulars of his turnover, he may direct that such dealer shall pay by way of penalty, in addition to the tax payable by him, a sum not exceeding one and a half times that amount (but it shall not be less than 10 *per cent* of that amount).

Test check (October 2008 to January 2009) of the records of the office of seven[29] Superintendent of Taxes revealed that in 36 assessment cases for the period between 1993-94 and 2005-06 finalised between August 2006 and August 2008, there were under-assessment of sales tax, non-assessment and under-assessment of additional sales tax by the assessing authorities (AAs). Besides, there were erroneous assessments of sales tax due to concealment of turnover by the dealers, not noticed by the AAs. This resulted in short levy/non-levy of sales tax of Rs. 81.17 lakh including penalty (Rs. 18.65 lakh) and interest (Rs. 15.11 lakh).

After the cases were pointed out, the AAs stated (October 2008 to January 2009) that the cases would be re-examined. Meanwhile in one[30] case Rs. 0.03 lakh was deposited, in nine cases[31] after re-assessment demand notices were issued (Rs. 7.41 lakh) and in two cases[32] order of reassessment (Rs. 2.55 lakh) have been served. Further progress and report on recovery has not been received (August 2009).

The matter was reported to the Government in June 2009; their reply had not been received (September 2009).

[29] (1) Superintendent of Taxes, Charge I, Agartala, (2) Superintendent of Taxes, Charge II, Agartala; (3) Superintendent of Taxes, Charge III, Agartala, (4) Superintendent of Taxes, Charge IV, Agartala, (5) Superintendent of Taxes, Charge V, Agartala, (6) Superintendent of Taxes, Charge VI, Agartala and (7) Superintendent of Taxes, Udaipur.

[30] Superintendent of Taxes, Charge V, Agartala.

[31] Superintendent of Taxes, Charge – II, Agartala (two cases: Rs. 3.01 lakh), Superintendent of Taxes, Charge – V (three cases: Rs. 3.20 lakh) and Superintendent of Taxes, Udaipur (four cases: Rs. 1.20 lakh).

[32] Superintendent of Taxes, Charge-V (one case: Rs. 0.82 lakh) and Superintendent of Taxes, Udaipur (one case: Rs. 1.73 lakh).

TRANSPORT DEPARTMENT

4.7 Non/short realisation of revenue

Non-compliance of provision under Central Treasury Rules resulted in non-realisation of revenue of Rs. 55.45 lakh. Besides, Rs.9.03 lakh composite fees of nine States were not remitted due to non-realisation by the State.

Under the National Permit (NP) Scheme, Permit holders are entitled to ply their vehicles throughout the territory of India on payment of composite fee (CF) at the rate prescribed by the concerned States/UTs. The annual CF levied by the States/UTs is remitted by bank draft drawn separately for each vehicle in advance by the home State which issues the national permit to the State Transport Authority (STA) of the State in which the vehicles are authorised to ply. Transport Department, Government of Tripura revised (January 2004) the rate of CF to Rs. 5,000 per annum effective from 1 January 2004.

Scrutiny (January-February 2009) of records of the Deputy Transport Commissioner (DTC), West Tripura District, Agartala indicated the following:

4.7.1 In eight States[33], it was noticed that the CF was realised at rates ranging between Rs. 1,800 and Rs. 3,600, instead of Rs. 5,000 in respect of 158 national permit holders, authorised to ply in Tripura for the period from November 2007 to December 2008, which were received through bank drafts. This resulted in short realisation of Rs. 3.38 lakh. No action has been taken (May 2009) by the STA to recover the amount of shortage. Besides, the Department is yet to establish database on demand, collection and monitoring of CF from other States.

The Government stated (August 2009) that the matter regarding short-realisation of composite fee had been taken up with the concerned States. Further, it stated that the Deputy Transport Officer, North Tripura District had also been asked to collect the balance composite fee from the Churaibari check post from the vehicles of other States entering into the State under the NP Scheme.

4.7.2 It was noticed in audit that 1,025 bank drafts of CF received between October 2007 and December 2008 by the DTC, from other STAs against vehicles permitted to ply in Tripura, were neither credited into the Government account nor returned to issuing authorities for revalidation, which resulted in non-realisation of Rs. 51.25 lakh[34]. Records of the full particulars and the current position of the bank drafts were not maintained by the DTC as required under Rule 77-A of Central Treasury Rules (CTRs).

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[33] Andhra Pradesh: Rs. 0.20 lakh (10 cases), Arunachal Pradesh: Rs. 0.02 lakh (1 case), Assam: Rs. 1.30 lakh (52 cases), Meghalaya: Rs. 1.76 lakh (90 cases), Rajasthan: Rs. 0.02 lakh (1 case) and Tamil Nadu: Rs. 0.04 lakh (2 cases), Uttar Pradesh: 0.02 lakh (1 case) and West Bengal: Rs. 0.02 lakh (1 case).

[34] Demands drafts not being made available to Audit, the amount had been calculated at the prescribed rate of Rs. 5,000 each. (1025 x Rs.5,000 = Rs. 51,25,000).

The Government stated (August 2009) that out of 1,025 bank drafts, 981 had been deposited to the Government account and the remaining 44 drafts had not been received (August 2009) after revalidation.

4.7.3 It was noticed in audit that 12 time-barred bank drafts for CF remitted by other States, valuing Rs. 0.45 lakh, sent for revalidation were returned by the banks either due to expiry of the grace period for revalidation or for sending the drafts to the bank branches other than the issuing branches. This resulted in non-realisation of Rs. 45,000.

The Government stated (August 2009) that all the 12 time barred bank drafts were sent to the appropriate Bank branches in consultation with branches available in the State for revalidation and the matter was under persuasion.

4.7.4 Under the NP scheme, permit holders are liable to pay authorisation fee (AF) of Rs. 500 to the permit issuing States (home State) and composite fee (CF) is levied by the concerned State/UT. The NPs initially issued are renewable annually on receipt of prescribed AF and CF.

It was noticed in audit that the DTC, Agartala, on receipt of one year’s AF and CF, issued permits initially for five years, subject to subsequent annual renewals on payment of the prescribed AF and CF for the remaining years. It was seen that in case of 32 NPs (issued between November 2005 and February 2008), permits were not renewed though their validity periods had expired. The permits were also not surrendered to the issuing authority. This resulted in non-realisation of AF of Rs. 0.37 lakh of the State and CF of Rs. 9.03 lakh of nine[35] States. The DTC neither took action to impound the NPs nor raised demands against the defaulting transport operators.

The Government stated (August 2009) that the defaulting permit holders were asked to report to the office of the STA for necessary renewal. It also stated that instructions were issued to the check gate (entrance point at Churaibari) to look into the matter intensely and take appropriate action compelling the defaulters to renew the permits.

[35] Assam: Rs. 3.65 lakh, Bihar: Rs. 0.20 lakh, Gujarat: Rs. 0.20 lakh, Jharkhand: Rs. 0.20 lakh, Meghalaya: Rs. 2.19 lakh, Mizoram: Rs. 0.69 lakh, Rajasthan: Rs. 0.20 lakh, Uttar Pradesh: Rs. 0.20 lakh; West Bengal: Rs. 1.50 lakh.

CHAPTER V: GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

5.1 Overview of State Public Sector Undertakings

Introduction

5.1.1 The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. The State PSUs registered a turnover of Rs. 260.69 crore for 2008-09 as per their latest finalised accounts as of September 2009. This turnover was equal to 2.60 *per cent* of State Gross Domestic Product (GDP) for 2008-09. Thus, the State PSUs occupy an insignificant place in the State economy. Major activities of Tripura State PSUs were concentrated in power and agriculture sectors. The State PSUs incurred a loss of Rs.19.84 crore in the aggregate for 2008-09 as per their latest finalised accounts. They had employed 13295[1] employees as of 31 March 2009. The State PSUs do not include Departmental Undertakings (DUs), which carry out commercial operations but are a part of Government departments.

5.1.2 As on 31 March 2009, there were thirteen PSUs as per the details given below. Of these, none of the companies were listed on the stock exchange.

Table No. 5.1.1

Type of PSUs	Working PSUs	Non-working PSUs[2]	Total
Government Companies[3]	11	1	12
Statutory Corporations	1	-	1
Total	**12**	**1**	**13**

5.1.3 During the year 2008-09, no PSU was established nor any was closed down.

Audit Mandate

5.1.4 Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which not less than 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as *per* Section 619-B of the Companies Act.

[1] As per the details provided by 12 PSUs. Remaining one non-working PSUs did not furnish the details.
[2] Non-working PSUs are those which have ceased to carry on their operations.
[3] includes 619-B companies.

5.1.5 The accounts of State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 (4) of the Companies Act, 1956.

5.1.6 Audit of statutory corporations is governed by their respective legislations. CAG is the sole auditor of the only statutory corporation in the State *viz*. Tripura Road Transport Corporation.

Investment in State PSUs

5.1.7 As on 31 March 2009, the investment (capital and long-term loans) in 13 PSUs (including 619 B companies) was Rs. 595.36 crore as *per* details given below.

Table No. 5.1.2

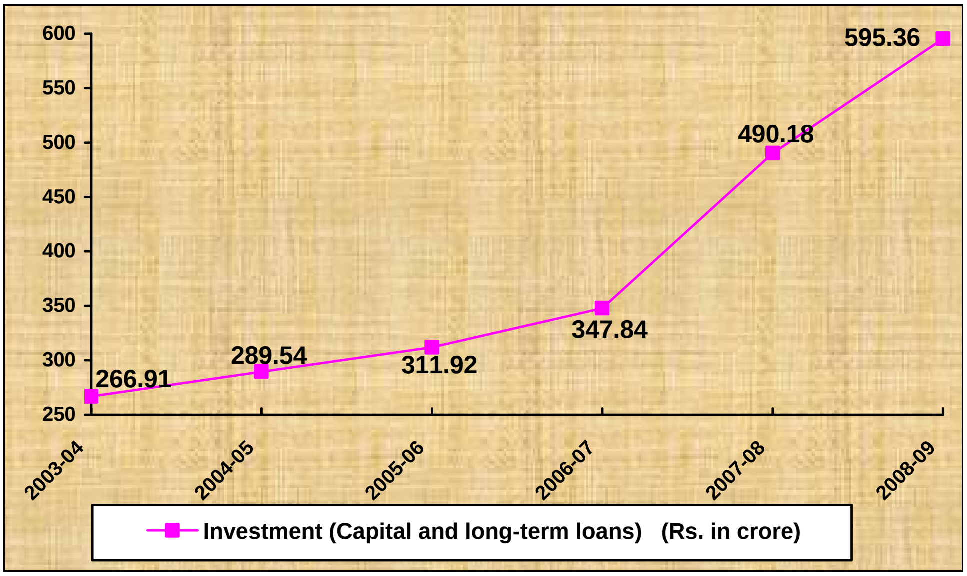
(Rupees in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	343.28	98.04	441.32	153.75	0.25	154.00	595.32
Non-working PSUs	0.04	-	0.04	-	-	-	0.04
Total	**343.32**	**98.04**	**441.36**	**153.75**	**0.25**	**154.00**	**595.36**

A summarised position of total/ Government investment in State PSUs is detailed in **Appendix 5.1**.

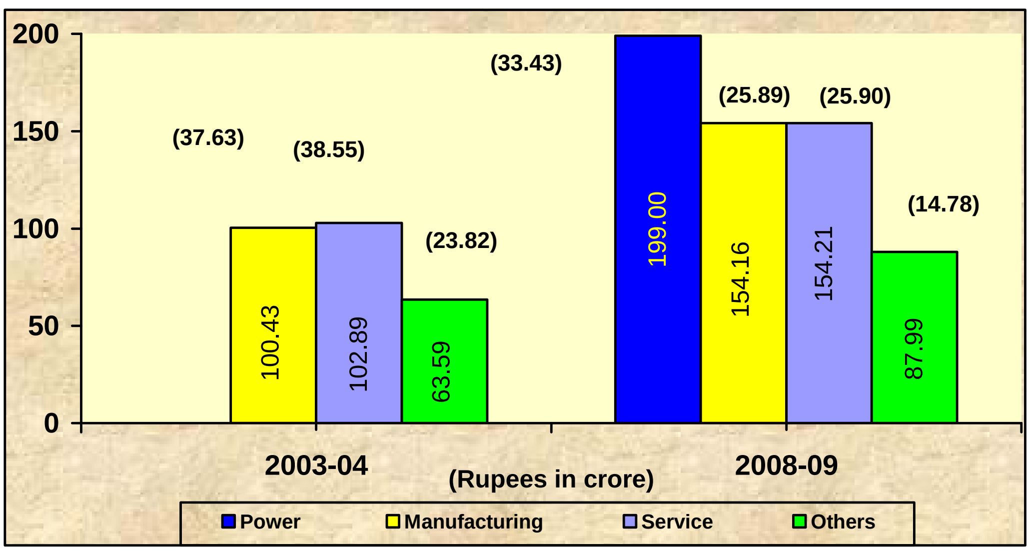
5.1.8 As on 31 March 2009, of the total investment in State PSUs, 99.99 *per cent* was in working PSUs and the remaining 0.01 *per cent* in non-working PSUs. This total investment consisted of 83.49 *per cent* towards capital and 16.51 *per cent* in long-term loans. The investment has grown by 123.06 *per cent* from Rs. 266.91 crore in 2003-04 to Rs. 595.36 crore in 2008-09 as shown in the graph below.

Chart No. 5.1.1



5.1.9 The investment in various important sectors and percentage thereof at the end of 31 March 2004 and 31 March 2009 are indicated below in the bar chart.

Chart No. 5.1.2



(Figures in brackets show the percentage of total investment)

The thrust of investment in the power sector arose from transfer of the generation, transmission and distribution of electricity from the Power Department, Government of Tripura since January 2005 to a new company *viz.* Tripura State Electricity Corporation Limited, set up in June 2004. The other major sectors for investment were manufacturing and service.

Budgetary outgo, grants/subsidies, guarantees and loans

5.1.10 The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Appendix 5.3**. The summarised details are given below for three years ended 2008-09.

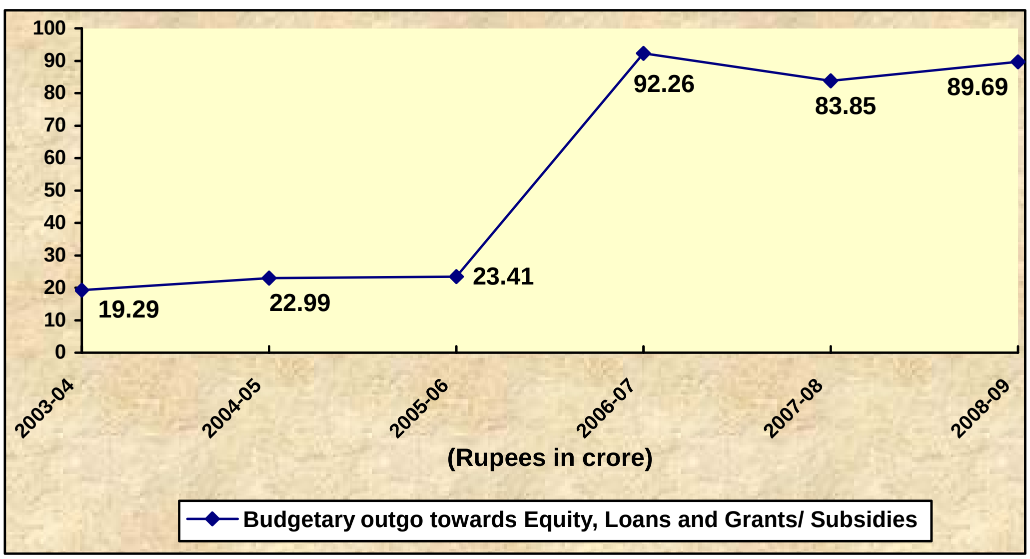
Table No. 5.1.3

(Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	8	36.22	7	29.07	7	31.13
2.	Loans given from budget	1	11.04	1	4.78	1	30.50
3.	Grants/Subsidy received[4]	1	45.00	1	50.00	3	28.06
4.	Total Outgo (1+2+3)	10[5]	92.26	8[5]	83.85	9[5]	89.69
5.	Guarantee Commitment	-	1.80	-	-	-	-

5.1.11 The details regarding budgetary outgo towards equity, loans and grants/subsidies for past five years are given in a graph below.

Chart No. 5.1.3



The increase in annual budgetary outgo from 2006-09 was directed to the power sector. There were no waivers. The State Government provides financial support, mainly to Tripura State Electricity Corporation Limited and Tripura Road Transport Corporation, to bridge the gap of income and expenditure of the PSUs. This indirectly becomes a subsidy support.

[4] Amount represents outgo from State Budget only.

[5] The figure represents number of companies which have received outgo from budget under one or more heads ie. equity, loans, grants/subsidies.

5.1.12 Since May 2007, guarantee fee was fixed at one *per cent* for any fresh guarantee. No fresh guarantees were issued in the last three years.

Reconciliation with Finance Accounts

5.1.13 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2009 is stated below.

Table No. 5.1.4

(Rupees in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	588.61	489.07	99.54
Loans	17.00	93.63	76.63
Guarantees	2.68	-	2.68

5.1.14 Audit observed that the differences occurred in respect of nine PSUs and some of the differences were pending reconciliation since 1986-87. The matter is taken up every quarter, demi-officially with the Finance Secretary and copy to the concerned PSUs. The last occasion was in April 2009. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

Performance of PSUs

5.1.15 The financial results of PSUs, are detailed in **Appendix 5.2**. The financial position and working results of Tripura Road Transport Corporation are given at paragraphs 5.2.9 and 5.2.10. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU turnover and State GDP for the period 2003-04 to 2008-09.

Table No. 5.1.5

(Rupees in crore)

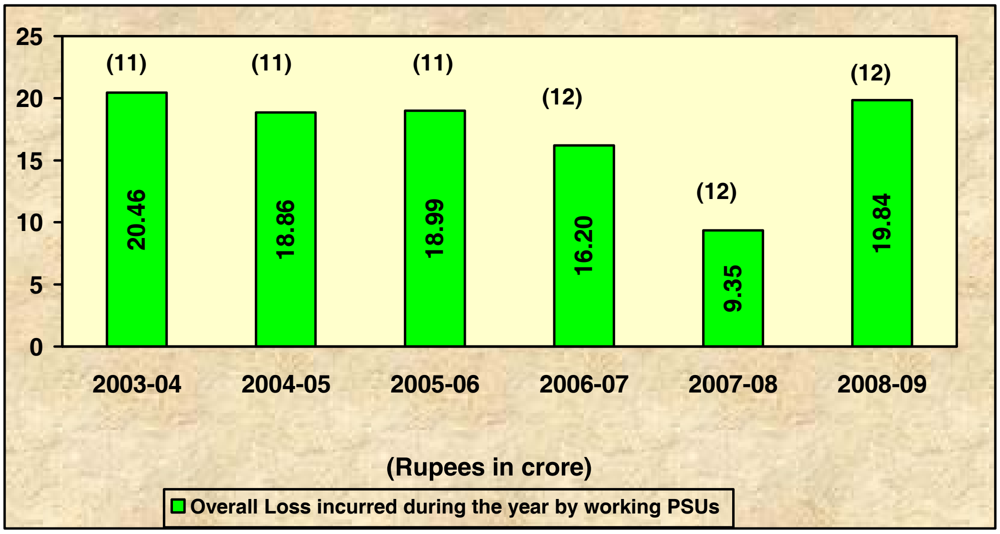
Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Turnover[6]	40.15	38.93	53.79	50.43	251.65	260.69
State GDP	6,135.70	6,639.24	7,296.61	7,888.98	8,521.68	10,008.26
Percentage of Turnover to State GDP	0.65	0.59	0.74	0.64	2.95	2.60

The increase in turnover during 2007-08 and 2008-09 was because of inclusion of Tripura State Electricity Corporation Limited.

5.1.16 Losses incurred by State working PSUs during 2003-04 to 2008-09 are given below in a bar chart.

[6] Turnover as per the latest finalised accounts as of 30 September of respective years.

Chart No. 5.1.4



(Figures in brackets show the number of working PSUs in respective years)

Between 2003-04 and 2007-08, the losses were declining but doubled in 2008-09 mainly due to jump of Rs. 8.47 crore in losses of Tripura Jute Mills Limited (TJML) and Tripura Tea Development Corporation Limited as well as decline by Rs. 1.63 crore in the profit of Tripura Rehabilitation Plantation Corporation Limited (TRPCL). During the year 2008-09, out of 12 working PSUs, five PSUs earned profit of Rs.10.63 crore and seven PSUs incurred loss of Rs. 30.47 crore. The major contributors to profit were TRPCL (Rs.1.27 crore) and Tripura State Electricity Corporation Limited (TSECL) (Rs. 8.81 crore). The heavy losses were incurred by TJML (Rs.7.69 crore) and Tripura Road Transport Corporation (TRTC) (Rs.16.41 crore).

5.1.17 The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of Rs. 175.43 crore and infructuous investment of Rs. 81.42 crore which were controllable with better management. Year-wise details from Audit Reports are stated below.

Table No. 5.1.6

(Rupees in crore)

Particulars	2006-07	2007-08	2008-09	Total
(Loss)	(16.20)	(9.35)	(19.84)	(45.39)
Controllable losses as per CAG's Audit Report	105.97	66.70	2.76	175.43
Infructuous Investment	80.94	0.48	-	81.42

5.1.18 The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, the losses can be eliminated. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

5.1.19 Some other key parameters pertaining to State PSUs are given below.

Table No. 5.1.7

(Rupees in crore)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Return on Capital Employed (*Per cent*)	NEGATIVE IN ALL YEARS					
Debt	11.04	9.85	8.81	8.50	23.74	98.29
Turnover[7]	40.15	38.93	53.79	50.43	251.65	260.69
Debt/ Turnover Ratio	0.27	0.25	0.16	0.17	0.09	0.38
Interest Payments[7]	7.92	8.13	5.68	5.69	6.31	5.89
Accumulated (losses)[7]	(171.91)	(176.38)	(196.39)	(197.98)	(210.18)	(243.74)

(Above figures pertain to all PSUs except for turnover which is for working PSUs).

5.1.20 Debt had increased in the past two years on account of loans of Tripura State Electricity Corporation Limited.

5.1.21 The State Government had not yet formulated a dividend policy. As per their latest finalised accounts, five PSUs earned an aggregate profit of Rs. 10.63 crore but none had declared dividend.

Performance of major PSUs

5.1.22 The investment in working PSUs and their turnover together aggregated to Rs. 856.01 crore during 2008-09. Out of 12 working PSUs, the following three PSUs accounted for individual investment *plus* turnover of more than five *per cent* of aggregate investment *plus* turnover. These three PSUs together accounted for 81 *per cent* of aggregate investment *plus* turnover.

Table No. 5.1.8

(Rupees in crore)

PSU Name	Investment	Turnover	Total (2) + (3)	Percentage to Aggregate Investment plus Turnover
(1)	**(2)**	**(3)**	**(4)**	**(5)**
Tripura State Electricity Corporation Limited	199.00	211.09	410.09	48
Tripura Jute Mills Limited	122.16	2.40	124.56	15
Tripura Road Transport Corporation	154.00	3.23	157.23	18
Total	**475.16**	**216.72**	**691.88**	**81**

Some of the major audit findings of past five years for above PSUs are stated in the succeeding paragraphs.

[7] Turnover of working PSUs and interest as well as accumulated losses as *per* the latest finalised accounts as of 30 September.

Tripura State Electricity Corporation Limited

5.1.23 The Company had arrears of accounts for three years as of September 2009. The arrear was for a year as of September 2006. The arrears have increased in spite of a separate accounts department. The delay was attributable to the management's failure to compile accounts in time. As a result of these arrears, the Company's power tariff was not enhanced since 2006-07.

Deficiencies in Planning

- The Company's failure to enter into agreements and execute contract documents prior to taking up renovation/ modernisation of Gumti Hydel Power Station led to idle expenditure of Rs. 0.56 crore.

(Audit Report 2005-06, Paragraph 7.3)

- The Company and the Government of Tripura delayed signing of memorandum of agreements with the Government of India by two to thirty months leading to receipt of Rs. 59.31 crore only under the Accelerated Power Development and Reforms Programme against sanction of Rs. 146.74 crore. Moreover, delays in finalisation of methodology of calculating reduction in losses led to forgoing incentive of Rs. 30.74 crore.

(Audit Report 2006-07, Paragraphs 7.3.6.2 and 7.3.6.5)

- In April 2002, the Company (erstwhile Power Department) renewed gas supply agreement with GAIL (India) Limited without amending provision of the contract leading to payment of transmission charges of Rs. 11.76 crore from March 2003 to March 2007 despite non-supply of gas. Further, due to defects in installations, the Company also paid minimum guaranteed offtake charges aggregating Rs. 1.30 crore during 2002-07.

(Audit Report 2006-07, Paragraphs 7.2.10.4 and 7.6)

Deficiencies in Monitoring

- The Company had not analysed the reasons for excess consumption of gas valuing Rs. 57.43 crore as a consequence of actual heat rate exceeding the designed heat rate by nine to 136 *per cent*.

(Audit Report 2006-07, Paragraph 7.2.10.2)

Tripura Jute Mills Limited

5.1.24 The Company had arrears of accounts for four years as of September 2009. The arrears were seven years as of September 2006. The arrears have reduced.

Deficiencies in Implementation

- The Company incurred losses of Rs. 0.98 crore on operation of its jute mill against conversion charges due to inability to make available looms and not contesting the arbitration findings.

(Audit Report 2004-05, Paragraph 6.2.11)

- The Company also failed to reduce maximum contractual demand for electricity in time, incurred interest on delayed payment to raw jute suppliers and was liable to carrying charges on delayed lifting of raw jute leading to avoidable expenditure of Rs. 1.01 crore.

(Audit Report 2004-05, Paragraphs 6.2.12 to 6.2.14)

- The Company incurred idle wages of Rs. 30.67 crore between April 2000 and March 2005 due to poor manpower management and deployment of excess labour.

(Audit Report 2004-05, Paragraph 6.2.8)

Tripura Road Transport Corporation

5.1.25 The Corporation had arrears of accounts for six years as of September 2009. The arrears were for four years as of September 2006. The arrears have increased in spite of a separate accounts department as the books of account were not completed.

Conclusion

5.1.26 The above details indicate that the State PSUs are not functioning efficiently and there is tremendous scope for improvement in their overall performance. They need to imbibe greater degree of professionalism to ensure delivery of their products and services efficiently and profitably. In some PSUs under the administrative control of the Industries and Commerce Department, the State Government has a performance based system of accountability. Not only should this be extended to all PSUs, but it should also be implemented in practice.

Arrears in finalisation of accounts

5.1.27 The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2009.

Table No. 5.1.9

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Number of working PSUs	12	12	12	12	12
2.	Number of accounts finalised during the year	12	7	5	6	24
3.	Number of accounts in arrears	67	73	80	86	74
4.	Average arrears per PSU (3/1)	5.58	6.08	6.67	7.17	6.17
5.	Number of Working PSUs with arrears in accounts	11	12	12	12	12
6.	Extent of arrears	1 to 12 years	1 to 12 years	1 to 13 years	2 to 14 years	2 to 15 years

5.1.28 The finalisation of accounts showed remarkable improvement in 2008-09. Yet, in this period, four[8] PSUs had not even cleared a year's arrears till September 2009. The reasons for arrears in accounts were lack of skilled personnel in PSUs as well as delays in preparation of accounts.

5.1.29 The only non-working PSU is under liquidation process since 1971.

5.1.30 The State Government had invested Rs. 419.36 crore (Equity: Rs. 261.39 crore, loans: Rs. 38.63 crore, grants: Rs. 108.90 crore and others: Rs. 10.44 crore) in twelve PSUs during the years for which accounts have not been finalised as detailed in **Appendix 5.4**. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

5.1.31 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed of the arrears in finalisation of accounts by Audit every quarter, remedial measures were taken belatedly. As a result of this the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was also taken up in a meeting with the Chief Secretary on 11 June 2009 followed by one on 5 August 2009 with the Principal Secretary, Finance Department. In the light of relaxed norms of CAG for expeditious clearance of the backlog in arrears, all PSUs had been categorically instructed by the State Government to show results in overcoming arrears in accounts.

5.1.32 In view of above state of arrears, it is recommended that:

- **The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies which would be monitored by the cell.**
- **The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.**

Winding up of non-working PSUs

5.1.33 There was one non-working Company *viz.* Tripura State Bank Limited, as on 31 March 2009, which had been non-functional for around 39 years. It was in the process of liquidation under Section 560 of the Companies Act, 1956. During past five years no other PSU was non-working.

[8] Sl. Nos. A(4), A(9), A(10) & B(1) of **Appendix 5.2**.

5.1.34 The non-working PSU is required to be closed down since its existence is not going to serve any purpose. During 2008-09, the expenditure, if any, incurred by it was not known.

5.1.35 During the year 2008-09, no company/corporation was finally wound up. The Company which had taken the route of winding up under the Companies Act continues to await liquidation for almost four decades. The Government may expedite winding up of the Company.

Accounts Comments and Internal Audit

5.1.36 Eight working companies forwarded their audited 24 accounts to AG during the year 2008-09. Of these, 15 accounts of eight companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

Table No. 5.1.10

(Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Increase in profit	-	-	1	0.11	1	0.02
2.	Decrease in loss	-	-	1	-	5	1.71
3.	Decrease in profit	3	0.18	1	0.02	1	0.01
4.	Increase in loss	2	3.96	1	2.94	8	9.73
5.	Non-disclosure of material facts	1	0.08	1	5.96	5	12.17
6.	Errors of classification	4	24.74	4	2.35	9	17.06

Whereas the aggregate value of comments on five accounts in 2006-07 was Rs. 28.96 crore, it fell to four accounts in 2007-08 with money value of Rs. 11.38 crore and sharply rose to Rs. 40.70 crore for 16 accounts in 2008-09, when CAG's supplementary audit of three[9] accounts was due and CAG's supplementary report on two[10] accounts awaited issue as of September 2009.

5.1.37 During the year, the statutory auditors had given unqualified certificates for eleven accounts and qualified certificates for thirteen accounts. The compliance of companies with the Accounting Standards (AS) remained poor as there were 26 instances of non-compliance in 16 accounts during the year. This non-compliance related to AS-1 (Disclosure of Accounting Policies), AS-2 (Valuation of Inventories), AS-4 (Contingencies and Events occurring after the Balance Sheet date), AS-6 (Depreciation Accounting), AS-12 (Accounting for Government grants), AS-15 (Employee benefits) and AS-22 (Accounting for taxes on income).

[9] Srl. Nos. A(7), A(8) & A(11) of **Appendix 5.2**.
[10] Srl. Nos. A(2) & A(3) of **Appendix 5.2**.

5.1.38 Some of the important comments in respect of accounts of companies are stated below.

Tripura Rehabilitation Plantation Corporation Limited (2006-07)

- Stock shortages of sheet rubber (24,976.11 Kgs) and scrap rubber (2,547.94 Kgs) valuing Rs. 8.15 lakh had neither been written off nor provided for and were shown as advance recoverable.
- Interest of Rs. 7.46 lakh accrued on bank deposits and service charges of Rs. 13.79 lakh had not been accounted as income.

Tripura Forest Development Plantation Corporation Limited (2001-02)

- Neither stocks of scrap rubber and concentrated rubber latex were valued at lower of cost or realisable value nor was value of non-saleable stocks written off leading to their overvaluation by Rs. 56.18 lakh.
- Excess interest provision of Rs. 50.84 lakh on term loan from bank had not been written back despite one time settlement of dues.

Tripura Industrial Development Corporation Limited (2003-04)

- Scheme funds of Rs. 6.69 lakh remaining unutilised even after completion of the schemes were not treated as income.
- Difference of Rs. 2.50 lakh between the opening balance as per cash book and previous year's closing balance as per accounts was adjusted in the cash book at the year end without reconciliation and identifying the reasons for the difference.
- Despite earning a profit, no provision for income tax of Rs. 10.46 lakh was created.
- Share capital of Rs. 2.19 crore received from the State Government for investment in two joint sector companies - being partly refunded, disbursed to the intended recipients as share capital and loan as well as parked in term deposits with banks to earn interest thereon - was neither reconciled nor correctly reflected in the accounts.

Tripura Small Industries Corporation Limited (1996-97)

- Adjustment of one time settlement of bank loan had not been effected in the accounts leading to overstatement of liability by Rs. 1.29 crore.

5.1.39 The only working Statutory corporation had not forwarded even one account to AG during the year 2008-09. The sole audit of CAG indicates that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of CAG are given below.

Table No. 5.1.11

(Amount Rupees in crore)

Sl. No.	Particulars	2006-07		2007-08		2008-09	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	-	-	-	-
2.	Increase in loss	-	-	1	1.95	-	-
3.	Non-disclosure of material facts	-	-	1	0.02	-	-
4.	Errors of classification	-	-	1	0.41	-	-

5.1.40 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. Supplementary reports were received on one account in 2007-08 and twelve accounts in 2008-09. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system in respect of one company[11] for the year 2007-08 and four companies[12] for the year 2008-09 are given below.

Table No. 5.1.12

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as *per* Appendix 5.2
1.	Non-fixation of minimum/ maximum limits of store and spares	Two	A(2), A(7)
2.	Absence of internal audit system commensurate with the nature and size of business of the company	Three	A(2), A(5), A(7)
3.	Non maintenance of cost record	One	A(7)
4.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	One	A(7)

Recoveries at the instance of audit

5.1.41 During the course of propriety audit in 2008-09, recoveries of Rs. 56.20 lakh were pointed out to the Management of a PSU (Tripura Handloom and Handicrafts Development Corporation Limited), which was admitted by the Management. Of which, Rs. 30.16 lakh was recovered during the year 2008-09.

Status of placement of Separate Audit Reports

5.1.42 Separate Audit Reports (SARs) issued by the CAG on the accounts of Tripura Road Transport Corporation was placed in the Legislature by the Government upto 2002-03.

[11] Sl. No. A(7) in **Appendix – 5.2**.
[12] Sl. No. A(2), A(5), A(7), & A(8) in **Appendix – 5.2**.

The SAR for the year 2002-03 was issued in February 2008 and was placed in the Assembly in July 2009 after a delay of 17 months. The Government should ensure prompt placement of SARs in the Legislature.

Disinvestment, Privatisation and Restructuring of PSUs

5.1.43 No disinvestment, privatisation or restructuring of PSU occurred during 2008-09.

Reforms in Power Sector

5.1.44 The State has the Tripura Electricity Regulatory Commission (TERC) formed in November 2003 and operational since May 2004 under the Electricity Act, 2003 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licences. During 2008-09, TERC issued three orders on others matters. TERC did not issue tariff order in 2008-09 due to non-receipt of tariff petitions, annual revenue requirements and audited annual accounts from the sole licensee *i.e.* Tripura State Electricity Corporation Limited.

5.1.45 Memorandum of Understanding (MoU) was signed in August 2003 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.

Table No. 5.1.13

Sl. No.	Milestone	Achievement as at March 2009
1.	Installation of meters on 11 KV feeders by 31 December 2003.	100 *per cent* (168 out of 168 feeders).
2.	100 *per cent* metering of all consumers by 31 December 2003.	Commercial consumers - 100 *per cent* Urban/ semi-urban - 96.70 *per cent* Individual consumers - 85.25 *per cent* Rural consumers - 80.62 *per cent*
3.	100 *per cent* metering on the LT side of distribution transformers.	38.45 *per cent* (2,723 out of 7,082 distribution transformers).
4.	Development of Distribution Management Information System.	Computerised Energy Billing System (EBS) implemented in Electrical Sub divisions.

While significant progress had been achieved, the impact on Tripura State Electricity Corporation Limited was yet to be quantified and duly verified in absence of current accounts.

Discussion of Audit Reports by COPU

5.1.46 The status as on 30 September 2009 of reviews and paragraphs that appeared in the Commercial Chapter of the Audit Reports (Civil) and discussed by the Committee on Public Undertakings (COPU) is as under.

Table No. 5.1.14

Period of Audit Report	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	Reviews	Paragraphs	Reviews	Paragraphs
1997-98	1	5	1	4
2006-07	2	4	2	3
2007-08	2	4	-	-
Total	**5**	**13**	**3**	**7**

5.1.47 The matter relating to clearance of backlog of reviews/ paragraphs was also discussed with the Chairperson of COPU on 19 January 2009 and 27 July 2009.

SECTION–A: PERFORMANCE REVIEWS

TRANSPORT DEPARTMENT

5.2 Performance Audit Report on the performance of Tripura Road Transport Corporation (TRTC)

Executive Summary

The Tripura Road Transport Corporation (Corporation) provides public transport in Tripura through its two Depots for buses. The Corporation had a fleet strength of 81 buses and 20 trucks as on 31 March 2009 and carried an average of 3,500 passengers per day during the review period. The performance audit of the Corporation for the period from 2004-05 to 2008-09 was conducted to assess efficiency and economy of its operations, ability to meet its financial commitments, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the Corporation.

Finances and Performance

The Corporation's books of accounts are in arrears since 2003-04. Based on provisional figures, it suffered loss of Rs. 16.90 crore in 2008-09. The accumulated losses of the Corporation stood at Rs. 228.25 crore as at 31 March 2009 (Provisional). The Corporation does not maintain separate records relating to costs incurred in the bus operations. However, traffic revenue earned and kilometres operated by buses are recorded separately. In 2008-09, the Corporation earned Rs. 4.89 crore of traffic revenue from buses by operating 23.11 lakh effective kilometres. Audit noticed that with a right kind of policy measures and better management of its affairs, it is possible to increase traffic revenue and reduce overall costs, so as to limit losses and serve its cause better.

Share in Public Transport

Out of 1,979 stage carriage buses licensed for public transport in 2008-09 (based on 2006-07 figures), about 4.09 per cent belonged to the Corporation. The percentage share decreased from 5.81 per cent in 2004-05 to 4.09 per cent in 2008-09. The decline in share was mainly due to its operational inefficiency and lack of effective monitoring by top management. Bus density (including private operators) per one lakh population increased from 53 in 2004-05 to 58 in 2008-09 indicating improvement in the level of public transport in the State. However, the Corporation's vehicle density reduced from 3.1 buses per one lakh population in 2004-05 to 2.4 buses per one lakh population in 2008-09. This was due to the inability of the Corporation to expand its operations.

Vehicle profile and utilisation

The Corporation added 23 buses during 2004-09 at a total cost of Rs. 3.23 crore. However, the overage fleet increased from 48 per cent in 2004-05 to 51 per cent in 2008-09. The acquisition was primarily funded through financial assistance from State Government. The overall fleet utilisation of the Corporation decreased from 60 per cent in 2004-05 to 48 per cent in 2008-09, which was quite less than all India average (AIA) of 92 per cent. The overall vehicle productivity at 141 kilometres per day per bus in 2008-09 was less than the targeted 161 kilometres. The passenger load factor stood at 65 per cent during 2008-09, which was marginally above the AIA of 63 per cent. None of the routes operated by the Corporation were profitable. In the absence of proper record maintenance, Audit could not assess adherence to the preventive maintenance schedule prescribed by the Original Equipment Manufacturers.

Economy in operations

Manpower and fuel constitute 64 per cent of total cost. Interest, depreciation and taxes account for 22 per cent and are not controllable in the short-term. Thus, the major cost saving has to come from manpower and fuel. However, the Corporation does not maintain separate records for manpower and its cost associated with the bus operations. However, the overall manpower position per vehicle (including trucks), which stood at 6.32 per vehicle in 2004-05 improved marginally to 6.01 per vehicle in 2008-09. The Corporation did not attain AIA in respect of fuel efficiency. Consumption of fuel in excess of AIA resulted in extra consumption of 1.13 lakh litres valued at Rs. 33.66 lakh during 2004-09.

Revenue Maximisation

The Corporation has about 98,301 square metres of land. As it mainly utilises ground floor/ land for their operations, the space above can be developed on public private partnership (PPP)/ Build Operate and Transfer (BOT) basis to earn steady income, which can be used to cross-subsidise its operations. However, the Corporation did not have a policy in place to tap non-conventional sources of revenue by large scale commercial exploitation of available land.

Need for a regulator

The fares in Tripura are decided by the State Government which is same for both the Corporation as well as Private Operators. The fare policy adopted by the State Government is based on costs of inputs but is not on a scientific basis. In the absence of norms, the adequacy of services on uneconomical routes can not be ascertained in Audit. Thus, it would be desirable to have an independent regulatory body (like State Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address grievances of commuters.

Inadequate Monitoring

The fixation of targets for various operational parameters and an effective Management Information System (MIS) for obtaining feed back on achievement thereof are essential for monitoring by the top management. Though targets are fixed for important operational parameters, the achievement against them is not monitored. During the last six years, the Government appointed nine Managing Directors who held additional charge of the Corporation besides their regular assignments. This had a detrimental effect on decision making. The top Management of the Corporation did not demonstrate managerial capability to set realistic and progressive targets, address areas of weakness and take remedial action wherever the things were not moving on expected lines.

Conclusion and Recommendations

Though the Corporation is incurring losses, it is mainly due to operational inefficiencies. The Corporation can control losses by improving efficiency and resorting to tapping non-conventional sources of revenue. This review contains nine recommendations to improve the Corporation's performance. Creating a regulator to regulate fares and services on uneconomical routes, tapping non-conventional sources of revenue and filling up vacant posts in top management by appointing regular incumbents are some of these.

Introduction

5.2.1 In Tripura, public road transport is provided by Tripura Road Transport Corporation (Corporation), which is mandated to provide an efficient, adequate, economical and properly coordinated road transport. The State also allows the private operators to provide public transport. The State has not reserved routes exclusively for the Corporation and allowed both Corporation and private operators to ply on all routes. The fare structure is controlled and approved by the State Government. This structure is same for both the Corporation as well as private operators.

5.2.2 The Corporation was incorporated in October 1969 by Government of Tripura under Section 3 of the Road Transport Corporations Act, 1950. It started its passenger services in December 1972 while goods transport services were started in April 1971. The Corporation is under the administrative control of the Transport Department of the Government of Tripura. The Management of the Corporation is vested with a Board of Directors comprising Chairman, Managing Director and seven Directors appointed by the Government of Tripura. The day-to-day operations are carried out by the Managing Director, who is the Chief Executive of the Corporation, with the assistance of a Deputy Managing Director and Chief Accounts Officer. As on 31 March 2009, the Corporation has two Depots for buses, one Depot for trucks, a Central Workshop and 13[13] bus stations. Bus body building and retreading of mini bus tyres are carried out through external agencies. Tyre retreading of ordinary and deluxe buses is undertaken at City Bus depot. The Central Workshop repairs both buses and trucks.

5.2.3 The Corporation had a fleet strength of 81 buses and 20 trucks as on 31 March 2009. The Corporation's share in the bus passenger transport operations in the State was four *per cent* in terms of the bus fleet strength. The Corporation's buses carried an average of 3,500 passengers *per* day during 2004-05 to 2008-09. The turnover of the Corporation was Rs.6.75 crore (provisional) in 2008-09, which was equal to 0.07 *per cent* of the Gross State Domestic Product of the State. The Corporation employed 679 employees as on 31 March 2009. The Corporation also serves as ticketing agent for airlines and railways.

5.2.4 A review on the working of the Corporation was included in the Report of the Comptroller and Auditor General of India for the year 2001-02 (Civil), Government of Tripura. The report was discussed by COPU during December 2003. Their recommendations were awaited (September 2009).

Scope of Audit and Audit Methodology

5.2.5 The present review conducted during June and July 2009 covers the performance of the Corporation's bus operations during the period from 2004-05 to 2008-09. The review mainly deals with operational efficiency, financial management,

[13] Amarpur, Ambassa, Battala, Gandacherra, Kailashahar, Kamalpur, Kanchanpur, Kumarghat, Sabroom, Teliamura, Udaipur, Guwahati and Silchar.

fare policy, fulfillment of social obligations and monitoring by top management of the Corporation's bus operations. The audit examination involved scrutiny of records at the Head Office, the Central Workshop and both Depots[14] for buses.

5.2.6 The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives to top management, scrutiny of records at Head Office and selected units, interaction with the auditee personnel, analysis of data with reference to audit criteria, discussion of audit findings with the Management and issue of draft review to the Government for comments.

Audit Objectives

5.2.7 The objectives of the performance audit were to assess:

Operational Performance

- the extent to which the Corporation was able to keep pace with the growing demand for public transport;
- the extent to which the Corporation was running its bus operations efficiently; and
- whether adequate maintenance was undertaken to keep the buses roadworthy.

Financial Management

- whether the Corporation was able to raise claims and recover its dues efficiently; and
- the possibility of realigning the business model of the Corporation to tap non-conventional sources of revenue and adopting innovative methods of accessing such funds.

Fare Policy and Fulfillment of Social Obligations

- the existence and adequacy of fare policy; and
- whether the Corporation operated adequately on uneconomical routes.

Monitoring by Top Management

- whether the monitoring by Corporation's top management was effective.

Audit Criteria

5.2.8 The audit criteria adopted for assessing the achievement of the audit objectives were:

- all India averages for performance parameters in respect of buses;
- performance standards and operational norms fixed by the Association of State Road Transport Undertakings (ASRTU);
- physical and financial targets/ norms fixed by the Management;

[14] City Bus Depot, Agartala and Dharmanagar Depot.

- manufacturers' specifications, norms for life of a bus, preventive maintenance schedule, fuel efficiency norms etc.;
- instructions of the Government of India (GOI) and Government of Tripura and other relevant rules and regulations; and
- procedures laid down by the Corporation.

Financial Position and Working Results

5.2.9 The Corporation operates trucks besides buses. However, no separate records are maintained for bus operations. The accounts of the Corporation were in arrears since 2003-04. The consolidated financial position of the Corporation (covering both bus and truck operations) for the five years upto 2008-09 based on provisional figures provided by the Corporation is given below.

Table No. 5.2.1

(Rupees in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
A. Liabilities					
Paid-up Capital	111.10	119.15	129.65	140.75	153.75
Reserve & Surplus (including Capital Grants but excluding Depreciation Reserve)	11.55	13.00	15.00	17.00	19.00
Borrowings (Loan Funds)	0.25	0.25	0.25	0.25	0.25
Current Liabilities & Provisions	55.38	60.73	64.87	69.85	73.02
Total	**178.28**	**193.13**	**209.77**	**227.85**	**246.02**
B. Assets					
Gross Block	15.97	15.24	15.08	15.97	16.16
Less: Depreciation	8.14	8.94	9.74	10. 69	11.69
Net Fixed Assets	7.83	6.30	5.34	5.28	4.47
Capital works-in-progress (including cost of chassis)	Nil	Nil	Nil	Nil	Nil
Investments	Nil	Nil	Nil	Nil	Nil
Current Assets, Loans and Advances	8.36	9.52	11.53	11.22	13.30
Accumulated losses	162.09	177.31	192.90	211.35	228.25
Total	**178.28**	**193.13**	**209.77**	**227.85**	**246.02**

5.2.10 The Corporation does not maintain separate records relating to various components of costs. However, traffic revenue and effective kilometres are recorded for bus operations separately. In view of the above, the costs components, total revenue, operating revenue, total expenditure and operating expenditure are not comparable with reference to bus operations. Based on the provisional figures furnished by the Management, the details of consolidated working results are given below.

Table No. 5.2.2

(Rupees in crore)

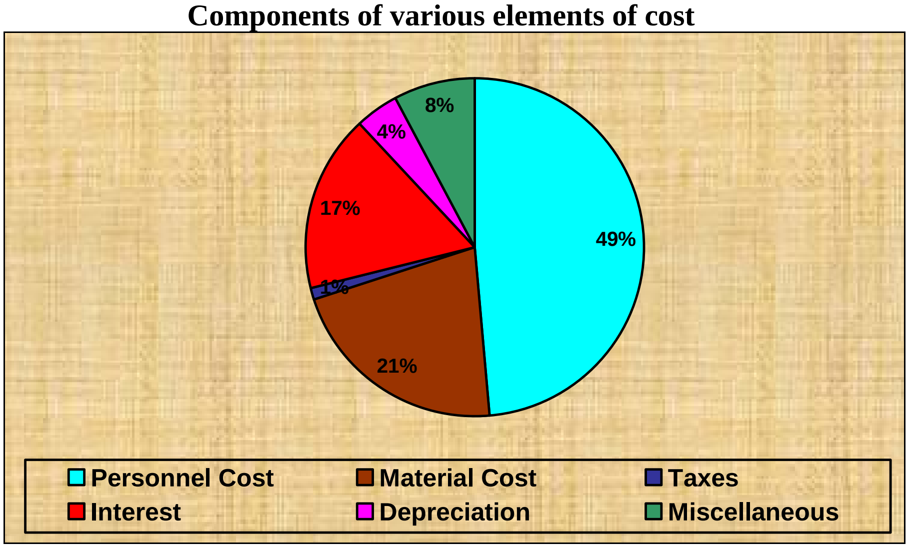
Sl. No.	Description	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Revenue	4.11	4.35	4.65	4.80	6.75
2.	Traffic Revenue[15] **(For Bus operations only)**	3.49	3.20	3.27	3.33	4.89
3.	Total Expenditure (6+7)	18.04	19.57	20.24	23.25	23.65
4.	Loss for the year	13.93	15.22	15.59	18.45	16.90
5.	Accumulated Loss	162.09	177.31	192.90	211.35	228.25
6.	Fixed Costs					
	(i) Personnel Costs	9.60	10.13	10.30	11.00	11.50
	(ii) Depreciation	0.82	0.80	0.80	0.95	1.00
	(iii) Interest	3.45	4.41	4.00	5.00	4.00
	(iv) Other Fixed Costs	0.90	1.00	1.40	1.60	1.80
	Total Fixed Costs	14.77	16.34	16.50	18.55	18.30
7.	Variable Costs					
	(i) Fuel & Lubricants	2.22	2.19	2.65	3.25	3.73
	(ii) Tyres & Tubes	0.33	0.30	0.36	0.45	0.52
	(iii) Other Items/ spares	0.54	0.56	0.58	0.76	0.83
	(iv) Taxes (MV Tax, Passenger Tax, etc.)	0.14	0.15	0.14	0.20	0.25
	(v) Other Variable Costs	0.04	0.03	0.01	0.04	0.02
8.	Total Variable Costs	3.27	3.23	3.74	4.70	5.35

Elements of Cost

5.2.11 Personnel cost and material cost constitute the major elements of cost. The percentage break-up of cost for 2008-09 is given below in the pie-chart.

Chart No. 5.2.1

Components of various elements of cost



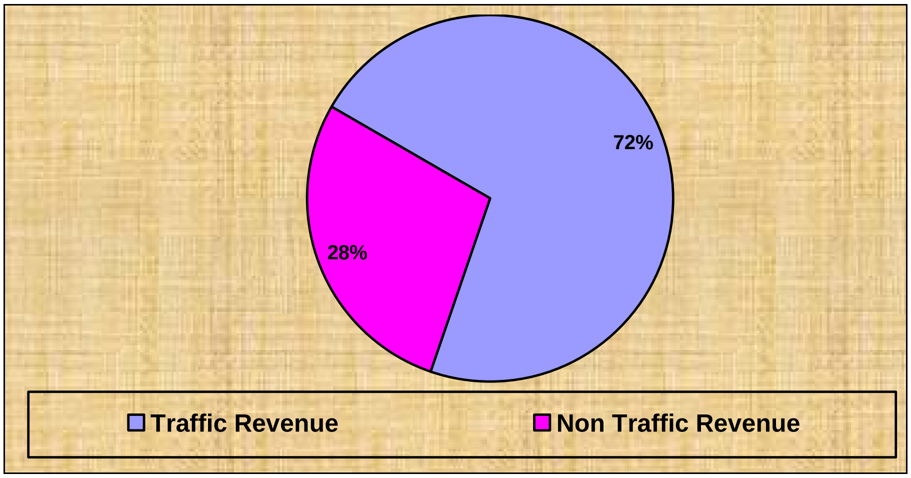
15 Traffic revenue represents sale of tickets, advance booking, reservation charges and contract services earnings.

Elements of revenue

5.2.12 Traffic revenue constituted the major element of revenue. The percentage break-up of revenue for 2008-09 is given below in the pie-chart.

Chart No. 5.2.2

Components of various elements of revenue



Audit Findings

5.2.13 Audit explained the audit objectives to the Corporation during an 'entry conference' held on 19 March 2009. Subsequently, audit findings were reported to the State Government in August 2009 and discussed in an 'exit conference' held on 25 August 2009, which was attended by Commissioner and Secretary, Transport Department, Government of Tripura along with Joint Secretary and the Managing Director, Chief Accounts Officer and Deputy Managing Director of the Corporation. The Corporation/ Government had not replied to audit findings (October 2009) separately. The views expressed by them in the exit conference have been considered while finalising this review. The audit findings are discussed below.

Operational Performance

5.2.14 The operational performance of the Corporation for the five years ending 2008-09 is given in the **Appendix–5.5**. The operational performance of the Corporation was evaluated on various operational parameters as described below. It was also seen whether the Corporation was able to maintain pace with the growing demand of public transport and recover the cost of operations. Audit findings in this regard are discussed in the subsequent paragraphs. These audit findings show that the losses were controllable and there is scope for improvement in performance.

Share of Corporation in public transport

5.2.15 The transport policy of the State Government seeks to achieve adequate passenger services in the remote and trouble prone areas of the State through the Corporation. In order to meet its social obligation to provide transportation facilities to people in interior places of the State, the Government declared the Corporation as a public utility service.

5.2.16 Neither the State Government nor the Corporation assessed the annual bus passenger traffic in the State during the period under review. However, the State Government assessed the daily bus passenger traffic in June 2009 as 4.17 lakh.

5.2.17 The table below depicts the growth of public transport in the State.

Table No. 5.2.3

S.No.	Particular	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Corporation's buses	98	98	92	105	81
2.	Private stage carriages (3-1)	1,589	1,715	1,887	1,874	1,898
3.	Total buses for public transport	1,687	1,813	1,979	1,979[16]	1,979[16]
4.	Percentage share of Corporation	5.81	5.41	4.65	5.31	4.09
5.	Percentage share of private operators	94.19	94.59	95.35	94.69	95.91
6.	Estimated population (in lakh)	32	32	33	33	34
7.	Total bus density *per* one lakh population	53	57	60	60	58
8.	Corporation's bus density *per* one lakh population	3.1	3.1	2.8	3.2	2.4

5.2.18 The Corporation, however, has not been able to keep pace with the growing demand for public transport. This was attributable to its inability to keep pace in terms of number of buses and effective KMs operated. The effective *per* capita KM operated *per* year is given below.

Table No. 5.2.4

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Effective KM operated by the Corporation's buses (in lakh)	28.00	25.01	20.64	25.00	23.11
Estimated Population (in lakh)	32	32	33	33	34
Per Capita KM *per* year	0.88	0.78	0.63	0.76	0.68

5.2.19 The above Table shows the decline in service by the Corporation. The decline in 2006-07 was mainly due to cancellation of trips.

5.2.20 Public transport has definite benefits over personalised transport in terms of costs, congestion on roads and environmental impact. The public transport services have to be adequate to derive those benefits. In the instant case, the Corporation's marginal share in transport was mainly due to operational inefficiencies as described later.

[16] In the absence of availability of data for 2007-08 and 2008-09, total buses in 2006-07 has been taken for the purpose of comparison.

Efficiency and Economy in bus operations

Fleet strength and its utilisation

Fleet Strength and its Age Profile

5.2.21 The Corporation has its own fleet of buses, the position of which is explained at Table No. 5.2.5.

5.2.22 The Association of State Road Transport Undertakings (ASRTU) had prescribed (September 1997) that the desirable age of a bus as eight years or five lakh kilometres, whichever was earlier. The Corporation has, however, fixed norm of ten years or three lakh kilometers. The table below shows the age profile of the buses held by the Corporation for the period of five years ending 2008-09.

Table No. 5.2.5

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1	Total No. of buses at the beginning of the year	104	98	98	92	105
2	Additions during the year	5	-	3	13	2
3	Buses scrapped during the year	11	-	9[17]	-	26
4	Buses held at the end of the year (1+2-3)	98	98	92	105	81
5	Of (4), No. of buses more than 8 years old	47	57	67	67	41
6	Percentage of overage buses to total buses	48	58	73	64	51

As on 31 March 2009, the Corporation had 51 *per cent* buses more than eight years old.

5.2.23 The State Government suggested (August 2009) that the Corporation may reconcile its' norms with those of ASRTU. The Corporation's norms for scrapping of vehicles, however, matched those laid down by the Government.

5.2.24 The above table shows that the Corporation was not able to achieve the norm of right age buses. During 2004-09, the Corporation added 23 new buses at a cost of Rs. 3.23 crore. The expenditure was funded through financial assistance (2004-08) of Rs. 3.10 crore from the State Government and the balance of Rs. 13 lakh from own sources. To achieve the norm of right age buses, the Corporation was required to buy 41 new buses additionally which would have cost it Rs. 5.78 crore approximately. However, the Corporation did not generate adequate resources through its operations to finance the replacement of buses. It incurred loss of Rs. 54.86 crore before charging of interest on capital and loans from Government as well as depreciation during 2004-09. Thus, the Corporation's ability to survive and grow depends on its efforts to remove operational inefficiencies, cut costs and tap non-conventional revenue avenues so that it can fund its capital expenditure and be self-reliant. The State Government stated (August 2009) that the Corporation was already availing the Government's assistance to replace vehicle fleet.

[17] Includes eight underage buses.

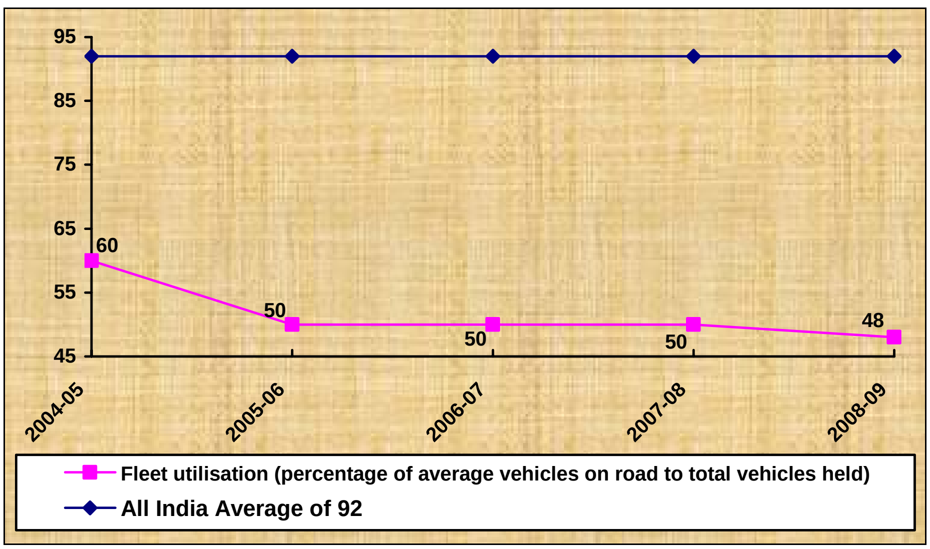
5.2.25 The overage fleet requires high maintenance and results in extra cost and lower availability of vehicles compared to right age fleet, other things being equal. This only goes on to increase operational inefficiency and causes losses which, in turn, affects the ability of the Corporation to replace its fleet on a timely basis. The Corporation had not maintained records/ data bus-wise to quantify the expenditure on overage vehicles *vis-à-vis* right age vehicles.

Fleet Utilisation

5.2.26 Fleet utilisation represents the ratio of buses on road to those held by the Corporation. The Corporation had not set targets for fleet utilisation in 2004-07, while the targets were 52 and 55 *per cent* in 2007-08 and 2008-09 respectively. The fleet utilisation of the Corporation fell from 60 *per cent* in 2004-05 to 48 *per cent* in 2008-09 as compared to the All India average[18] of 92 *per cent*, as indicated in the graph given below.

Andhra Pradesh, Tamil Nadu (Kumbakonam) and Tamil Nadu (Coimbatore) registered best fleet utilisation at 99.4, 98.4 and 98.3 *per cent* respectively during 2006-07. (Source: STUs profile and performance 2006-07 by CIRT, Pune)

Chart No. 5.2.3



During 2008-09, the fleet utilisation of the Corporation was 48 *per* cent against the all India average of 92 *per cent* during the review period.

5.2.27 There was a sudden drop in the fleet utilisation in 2005-06 due to cancellation of scheduled trips and availability of fewer vehicles on road.

5.2.28 The main reasons which contributed to low fleet utilisation, as analysed in Audit, were:

- Overage fleet with more than half the fleet being above eight years old (Paragraph 5.2.22);

[18] All India Average is for the year 2006-07 which has been used for comparison for the period under review.

- Frequent breakdown on account of inadequate servicing/ maintenance leading to average breakdown of 1.10 to 1.70 per 10,000 effective Kms during 2004-08 as compared to all India average of 0.26 (Paragraph 5.2.45); and
- Non-availability of spares leading to delays of a fortnight to almost three years in repairs of buses (Paragraph 5.2.48).

5.2.29 From the above, it can be concluded that the Corporation was not able to achieve an optimum utilisation of its fleet strength, which in turn impacted its operational performance adversely. No tangible measures to improve fleet utilisation were noticed in Audit. The Corporation stated (August 2009) that measures had been taken subsequently to improve fleet utilisation and in August 2009, 55 out of 81 buses were on road.

Vehicle productivity

5.2.30 Vehicle productivity refers to the average Kilometres run by each bus *per* day in a year. The vehicle productivity of the Corporation *vis-à-vis* the overage fleet for the five years ending 2008-09 is shown in the table below.

Table No. 5.2.6

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Vehicle productivity (Kms run *per* day *per* bus on road)					
	- Target	144	144	144	144[19]	161
	- Actual	125.76	139.84	117.81	136.61	140.70
2.	Overage fleet (percentage)	48	58	73	64	51

5.2.31 Compared to the all-India average of 313 Km per day, the vehicle productivity decreased from 125.76 (2004-05) to 117.81 (2006-07), which increased to 140.70 Km (2008-09) during review period. The Corporation failed even to achieve the targets fixed by it, mainly on account of high percentage of overage buses as discussed in paragraph 5.2.22 and restriction on passenger services in the State from 6 PM to 6 AM due to insurgency problem. The improvement in 2007-08 was attributable to fall in number of breakdown from 350 in 2006-07 to 274 in 2007-08 and decrease in overage buses in 2008-09. The State Government concurred (August 2009) with the need to raise targets.

Tamil Nadu (Villupuram), Tamil Nadu (Salem) and Tamil Nadu (Kumbakonam) registered best vehicle productivity at 474 469 and 462.8 Kms per day respectively during 2006-07. (Source: STUs profile and performance 2006-07 by CIRT, Pune)

Capacity Utilisation

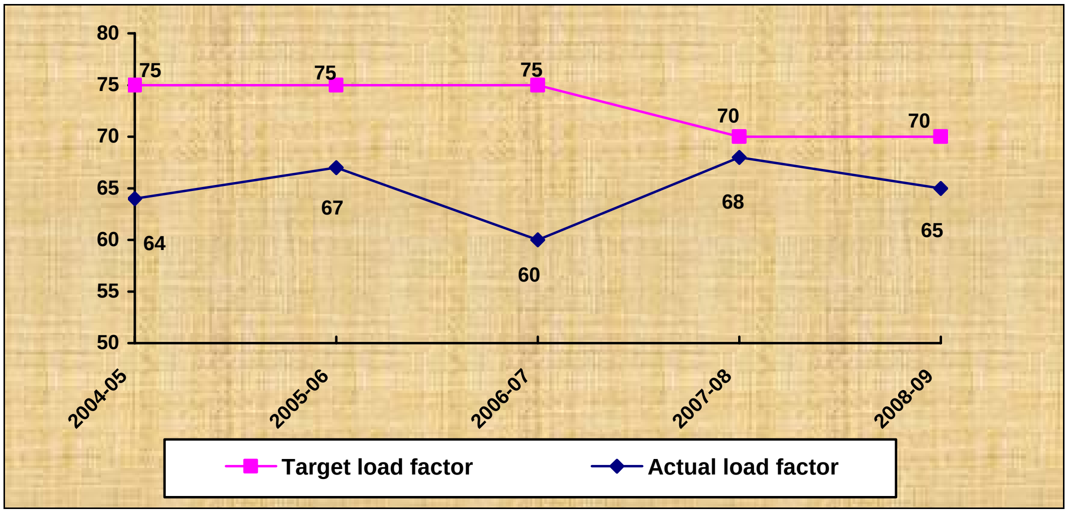
Load Factor

5.2.32 Capacity utilisation of a transport undertaking is measured in terms of load factor, which represents the percentage of passengers carried to seating capacity. The

[19] In the absence of availability of targeted vehicle productivity for 2007-08, the targets of 2006-07 have been taken for comparison purpose.

schedules to be operated are to be decided after proper study of routes and periodical reviews are necessary to improve the load factor. The load factor of the Corporation varied from 60 *per cent* (2006-07) to 68 *per cent* (2007-08) against the All India average of 63 *per cent* and Corporation's target of 70 to 75 *per cent*. A graph depicting the load factor *vis-à-vis* targets is given below.

Chart No. 5.2.4



5.2.33 Route analysis for the year 2008-09 of City Bus Depot, Dharmanagar Depot and Battala bus station revealed that nine out of 22 routes were below the all India average. In absence of records for previous years, Audit could not analyse the trend over the period in review to ascertain whether the position had improved/ deteriorated.

5.2.34 The State Government agreed (August 2009) that the Corporation needed to assess the reasons for losses despite high load factor.

Route Planning

5.2.35 Appropriate route planning to tap demand leads to higher load factor. There is no system of route surveys/ studies by either the State Government or the Corporation. Both the State Government and the Corporation had neither evaluated route profitability nor assessed passenger traffic along different routes.

5.2.36 The Corporation had envisaged operation of 30 routes during 2004-08 and 36 in 2008-09 against which only 27 and 32 respectively were actually operated. However, none of the routes operated by the Corporation was able to recover the total cost. Further, against 32 routes operated in 2008-09, only 14 routes (44 *per cent*) could recover the variable cost.

5.2.37 Though some of the routes may appear unprofitable now, these may become profitable once the Corporation improves its efficiency. However, there would still be some uneconomical routes. Given the social obligation to serve uneconomical routes, the Corporation should decide an optimum quantum of services on different routes so as to optimise its revenue while serving the cause. However, no such exercise was carried out by the Corporation. The Government assured (August 2009) to revitalise the role of Planning and Development cell of the Transport Department.

5.2.38 Since the records indicating each route analysis were not available, the reasons for unprofitable routes could not be identified. However, route analysis by Audit of 15 routes for the year 2008-09, revealed that though all the routes were not making profit, only one route *viz.*, Agartala – Guwahati was meeting variable cost. In view of this, the Corporation's claim that in 2008-09, 14 out of 32 routes were meeting variable cost could not be vouchsafed in Audit. The Management attributed (November 2008) the reasons for uneconomical routes to cheap fares for the poor and services in far flung remote tribal areas. Further, the losses from October 2008 were due to cancellation of trips for want of passengers because of introduction of train services on National Highway, which connects the State to other parts of the country. The Board decided (June 2009) to induct new small buses on uneconomic routes to improve load factor and fuel efficiency.

Cancellation of Scheduled Kilometres

5.2.39 A review of the bus operations indicated that the scheduled kilometres were not fully operated mainly due to non-availability of adequate number of buses and other factors like breakdown, want of passengers, late arrivals etc.

5.2.40 The details of scheduled kilometres, effective kilometres, cancelled kilometres calculated as difference between the scheduled kilometres and effective kilometres for bus operations are furnished in the table below.

Table No. 5.2.7

(KMs in lakh)

Sl.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Scheduled kilometres	33.93	33.93	33.93	33.93	36.44
2.	Effective kilometres	28.00	25.01	20.64	25.00	23.11
3.	Kilometres cancelled	5.93	8.92	13.29	8.93	13.33
4.	Percentage of cancellation	17.48	26.29	39.17	26.32	36.58

5.2.41 The above table depicts a significant increase in the percentage of cancellation of scheduled kilometres during the review period. The Management did not made any attempt to analyse the reasons for cancellations of scheduled kilometres. However, the cause-wise analysis made in Audit for 12 months[20] was as follows:

[20] April to June 2004, July and August 2005, September and October 2006, November and December 2007, July 2008, and February and March 2009 for City Bus Depot, Battala bus station and Dharmanagar Depot.

Table No. 5.2.8

(In KMs)

Sl. No.	Period covered	April – June 2004	July – August 2005	September – October 2006	November – December 2007	July 2008, February – March 2009
1.	Kilometres cancelled	1,42,966	1,01,068	1,49,255	1,25,177	1,58,066
2.	Want of buses	66,316	62,668	91,952	1,10,416	71,012
3.	Want of crew	2,338	Nil	1,130	268	380
4.	Others	74,312	38,400	56,173	14,493	86,674
5.	Avoidable cancellation (want of buses and crew)	68,654	62,668	93,082	1,10,684	71,392

5.2.42 Analysis in Audit of the causes for cancellation in 12 months during the period under review showed that want of buses (88.21 *per cent* in November – December 2007) had been the major reason for cancellation. Cancellation of scheduled Kms for want of buses and crew were *prima facie* controllable. The Corporation stated (August 2009) to furnish revised reduced figures for scheduled kilometres for all years, which was still awaited (September 2009).

Tamil Nadu (Salem), State Express Transport Corporation (Tamil Nadu) and Tamil Nadu (Villupuram) registered least cancellation of scheduled Kms at 0.45, 0.67 and 0.78 *per cent* respectively during 2006-07. (Source : STUs profile and performance 2006-07 by CIRT, Pune)

Maintenance of vehicles

Preventive Maintenance

5.2.43 Preventive maintenance is essential to keep the buses in good running condition and to reduce breakdowns/other mechanical failures. The Corporation had Tata and Leyland make buses, for which schedules of maintenance have been prescribed by the Original Equipment Manufacturers (OEMs) according to the model and engine type. A couple of major items of preventive maintenance are indicated below.

Table No. 5.2.9

Sl.No.	Particulars	Schedule
1.	**Engine Oil change**	
1 (a)	Tata make	Every 9,000 KMs
1 (b)	Leyland make	Every 10,000 KMs
2.	**Brake Inspection**	
2 (a)	Tata make	Every 18,000 KMs
2 (b)	Leyland make	Every 24,000 KMs

The Corporation had not chalked out schedule for preventive maintenance of fleet.

5.2.44 The Corporation had not chalked out a schedule for preventive maintenance. Further, the vehicle log books contained no details of Kms run before maintenance works like engine oil change, brake inspection *etc.* were undertaken. Hence, Audit could not analyse the compliance with OEMs' preventive maintenance schedule. Due to incomplete records maintenance, the Management control over maintenance works was ineffective. This may have contributed to decrease in fleet utilisation as discussed in paragraph 5.2.26.

5.2.45 Although the number of breakdown reduced from 376 in 2004-05 to 274 in 2007-08, the rate of breakdown per 10,000 effective Km during review period ranged from 1.34 to 1.10, which was above the all India average of 0.26. Audit observed that these breakdowns were mainly due to failure of engine, brakes, transmission suspension systems *etc.* which could have been minimised had proper preventive maintenance been carried out.

Repairs and Maintenance

5.2.46 A summarised position of total fleet holding and repairs and maintenance (R&M) expenditure for the last five years up to 2008-09 is given below.

Table No. 5.2.10

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Average number of vehicles held during the year (buses + trucks) (No.)	125	118	115	119	113
2.	R&M Expenses (Rs. in lakh)	54	56	58	76	83
3.	R&M Expenses per vehicle (Rs. in lakh) (2/1)	0.43	0.47	0.50	0.64	0.73

5.2.47 R&M expenses had shown an increasing trend over the period. The Corporation did not maintain bus-wise R & M expenditure data. So, Audit could not analyse the trend of expenditure on repairs of buses.

5.2.48 Audit noticed that between November 2005 and January 2008, there were delays of a fortnight to almost three years in repair of buses at Central Workshop on 19 occasions for want of spares. The Corporation attributed (July 2009) delays in repairing of buses to shortage of skilled staff. It also ascribed (August 2009) the rising expenditure to the need to send all Leyland-make buses and even some Tata-make buses to Guwahati for major repairs while assuring to undertake scientific analysis of stores and spares to avoid delays in repair.

5.2.49 The operation of buses on inter-state routes under the Corporation's banner entails no expenditure by the Corporation on repairs and maintenance. In view of this, the Corporation may consider permitting private operators to operate under the Corporation's banner on other approved routes (besides inter-state routes) against payment of appropriate consideration. This will not only help the Corporation to bring in more revenue without incurring additional expenditure but also provide additional services to the commuters of the State. This is discussed in detail under paragraph 5.2.64 and 5.2.65.

Docking of vehicles for fitness Certificates

5.2.50 The buses are required to be repaired and made fit before sending the same to Regional Transport Office (RTO) for renewal of fitness certificate under Section 62 of the Central Motor Vehicle Rules, 1989. It was observed that the Corporation does not send its vehicles for fitness re-certification and thus operates the buses without RTO's clearance. This is not only in violation of the rules but also enhances the risk of endangering the safety and lives of the commuters.

Manpower Cost

5.2.51 The cost structure of the Corporation shows that manpower and fuel constitute 64 *per cent* of total cost. Interest, depreciation and taxes – the costs which are not controllable in the short-term – account for 22 *per cent*. Thus, the major cost saving can come only from manpower and fuel.

5.2.52 Manpower is an important element of cost which constituted 49 *per cent* of total expenditure of the Corporation in 2008-09. Therefore, it is imperative that this cost is kept under control and the manpower is utilised optimally to achieve high productivity. The Corporation does not maintain separate records of manpower associated exclusively with the bus fleet. The table below provides the details of manpower (associated with the bus and truck fleet collectively), its cost and manpower per vehicle during the five years ended 2008-09.

Gujarat, Tamil Nadu (Villupuram) and Tamil Nadu (Salem) registered best performance at Rs. 6.10, Rs. 6.13 and Rs. 6.21 cost *per* effective KMs respectively during 2006-07.
(Source: STUs profile and performance 2006-07 by CIRT, Pune)

Table No. 5.2.11

Sl. No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Total Manpower (Nos.)	790	758	720	700	679
2.	Manpower Cost (Rs. in crore)	9.60	10.13	10.30	11.00	11.50
3.	Average number of vehicles held during the year (buses + trucks) (No.)	125	118	115	119	113
4.	Manpower *per* vehicle	6.32	6.42	6.26	5.88	6.01

5.2.53 The manpower per vehicle remained more than six during the review period except in 2007-08. Due to high fleet holding in 2007-08, the vehicle staff ratio remained less in that year. However, it remained above North West Karnataka State Road Transport, which was the best performer in 2006-07 with 4.89 manpower *per* bus. Though the best performer relates only to bus operations, there is a scope of improvement in the Corporation in this regard. The Corporation stated (August 2009) to furnish revised manpower cost for 2008-09, which was still awaited (September 2009).

5.2.54 In September 2004, the Council of Ministers approved the proposal for a Voluntary Retirement Scheme (VRS) for restructuring the Corporation. Instead of working out the modalities of VRS, the Board decided (September 2006) to appoint 42 fixed pay drivers on regular scale from April 2007 who were working for the Corporation since June 1999. The additional expenditure on this account was Rs. 12 lakh per annum.

5.2.55 The State Government agreed (August 2009) that the Corporation would need to analyse its manpower per bus under the categories of traffic, maintenance and administrative staff with all India average in the same categories.

Fuel Cost

5.2.56 Fuel is a major cost element which constituted 15.77 *per cent* of total expenditure in 2008-09. Control of fuel costs by a road transport undertaking has a direct bearing on its productivity. The table below gives the targets fixed by the Corporation for fuel consumption, actual consumption, mileage obtained *per* litre (Kilometre *per* litre i.e. KMPL), all India average and estimated extra expenditure in respect of bus operations.

Table No. 5.2.12

S.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Gross Kilometres (in lakh)	28.30	25.25	20.84	25.35	23.64
2.	Target of KMPL fixed by Corporation	3.65	3.65	3.65	3.65	3.65
3.	Kilometre obtained per litre (KMPL)	3.60	3.62	3.63	3.50	3.50
4.	All India average in the category[21]	3.69	3.69	3.69	3.69	3.69
5.	Actual consumption (in lakh litres)	7.86	6.98	5.74	7.24	6.75
6.	Consumption as per all India average (in lakh litres) (1/4)	7.67	6.84	5.65	6.87	6.41
7.	Excess consumption (in lakh litres) (5-6)	0.19	0.14	0.09	0.37	0.34
8.	Average cost per litre (in Rs.)	20.81	26.66	30.37	33.68	31.73
9.	Extra expenditure (Rs. in lakh) (7X8)	3.95	3.73	2.73	12.46	10.79

The mileage obtained by the Corporation's buses was less than all India average resulting in extra expenditure of Rs.33.66 lakh.

5.2.57 It can be seen from the above table that the mileage obtained *per* litre had marginally improved and then declined in 2007-08 and 2008-09. However, the mileage was below the all India average as well as targets fixed by the Corporation. This was despite adding nine mini buses in 2006-09. The Corporation consumed 1.13 lakh litres of fuel in excess as compared to all India average during 2004-09 resulting in extra expenditure of Rs. 33.66 lakh. The reasons identified for such losses were mainly due to overage of the fleet and operation on hilly routes.

North East Karnataka State Road Transport, Uttar Pradesh and Andhra Pradesh registered mileage of 5.45, 5.33 and 5.26 KMPL.
(Source: STUs profile and performance 2006-07 by CIRT, Pune)

5.2.58 The Corporation did not prepare any petrol, oil and lubricants (POL) statements for all the years under review. There was no mechanism in place to prepare and monitor vehicle-wise or driver-wise data for consumption of fuel so as to exercise effective management control. Further, the Corporation had not prescribed for ideal driving speed/ norms so as to enhance fuel economy.

5.2.59 The Government agreed (August 2009) the need to set out route-wise mileage norms for buses.

[21] All India average is for 2006-07, which has been taken for the purpose of comparison for the period under review.

5.2.60 The Corporation operates two fuel pumps at City Bus Depot, Agartala and Dharmanagar Depot for issue of HSD to its' buses. The quantity of HSD received in bulk through tankers is to be entered in the stock register and issued only against properly authorised issue slips which are also to be entered in the issue and stock registers. The stock register is to be closed daily. Periodic verification of the stock register, stock receipts and counterfoils of issue slips and reconciliation of book and physical stock is imperative to obviate the possibility of pilferage. It was noticed in Audit that stock registers were not verified monthly or even annually. In absence of physical verification, there were frequent variations in opening and closing balances without proper authentication. Actual quantity of HSD issued could not be verified due to non-production of counterfoils of issue slips. Moreover, the readings shown by auto meter for issue of oil during the period from 4 July 2007 to 31 March 2008 were also not recorded.

5.2.61 Scrutiny of HSD stock registers made available to Audit for fuel pumps at Agartala (4 July 2007 to 31 October 2008) and Dharmanagar (18 November 2004 to 22 July 2007) revealed the shortage of 0.08 lakh litres and 0.01 lakh litres respectively as shown below, valued at Rs. 2.51[22] lakh, which had not yet been recovered from the concerned officials.

Table No. 5.2.13

(In lakh litres)

S.No.	Description	Agartala	Dharmanagar
1.	Opening Balance	0.24	0.06
2.	Receipts	6.66	2.76
3.	Total	6.90	2.82
4.	Issues	6.77	2.73
5.	Closing Balance (3 - 4)	0.13	0.09
6.	Closing Balance (as per Stock Register)	0.05	0.08
7.	Shortage	0.08	0.01

5.2.62 An internal Audit team of the Corporation found shortage of 16,774 litres of diesel valuing Rs.5.27[23] lakh in Agartala. Similarly, at Dharmanagar, an internal Audit team found (June 2008) shortage of 1,054 litres of diesel valuing Rs. 33,096. This indicated that the Management was aware that the requisite controls had been rendered ineffective but no action was taken.

5.2.63 The Managing Director ordered (June 2009) to initiate departmental proceeding against the concerned officials, which was still pending. The Government assured (August 2009) to expedite the inquiry and fix responsibility. However, the State Government/ Corporation need to take steps so as to devise a suitable mechanism to plug fuel pilferage.

Operation of Private buses under Corporation's banner

5.2.64 The Corporation started (January 2005) issuing 'no objection certificates' (NOC) to private bus operators for obtaining inter state route permits from the State

[22] At the average cost of Rs. 27.88 per litre for 2004-08.
[23] At the rate of Rs. 31.40 per litre.

Transport Authority in consideration of payment for every kilometre run on the approved route. NOCs were issued to the private bus owners for a period of three months. The owners of these buses were required to operate under the Corporation's banner, provide buses with drivers, conductors as well as cleaners and to incur all expenditure on their operation. The Corporation's involvement is limited to receiving rupee one, Re. 1.25 and Re. 1.35 per KM of route length for mini buses (32 seats), ordinary buses (52 seats) and deluxe buses respectively, irrespective of the private operators' earnings or expenditure.

5.2.65 From January 2005 to March 2009, the Corporation earned a net income of Rs. 1.01 crore from the operation of such buses. Analysis in Audit of the Agartala – Guwahati route for 2008-09 indicated that the Corporation earned Rs. 546[24] per trip after meeting all variable expenses on operations of its own buses while it received Rs. 1,620[25] per trip from buses run under the Corporation's banner. This substantiated the proposition that buses operating under the Corporation's banner are more profitable than own fleet without any additional investment. The Corporation may explore the possibility of operating intra-state and city routes in addition to inter-state routes under the Corporation's banner in consideration of payment for each kilometer run along pre-approved routes, subject to a minimum consideration every week or month.

Body Building

5.2.66 The Corporation does not have its own body building unit. Only six buses were fabricated at a total cost of Rs. 27.59 lakh in 2004-05 (five) and 2007-08 (one) through outsourcing. All other 17 buses procured during 2005-09 were ready built buses and as such no body building cost was incurred by the Corporation on them.

Financial Management

5.2.67 Raising of funds for capital expenditure, i.e., for replacement/ addition of buses happens to be the major challenge in financial management of Corporation's affairs. This issue has been covered in paragraph 5.2.24. The section below deals with the Corporation's efficiency in raising claims and their recovery. This section also analyses whether an opportunity exists to realign the business model to generate more resources without compromising on service delivery.

Claims and Dues

5.2.68 The Corporation gives its buses on hire for which parties were required to pay the charges at prescribed rates *per* trip basis. The charges applicable would depend on distance and time to and from the location and levied at the rates mentioned in the applicable tariff orders. The Corporation bills charges after completion of trips and does not charge any advance. The charges due were not promptly recovered from the

[24] After deducting assessed fuel cost, lubricant cost, tyre cost, stores/ spares and other variable costs from average earnings.

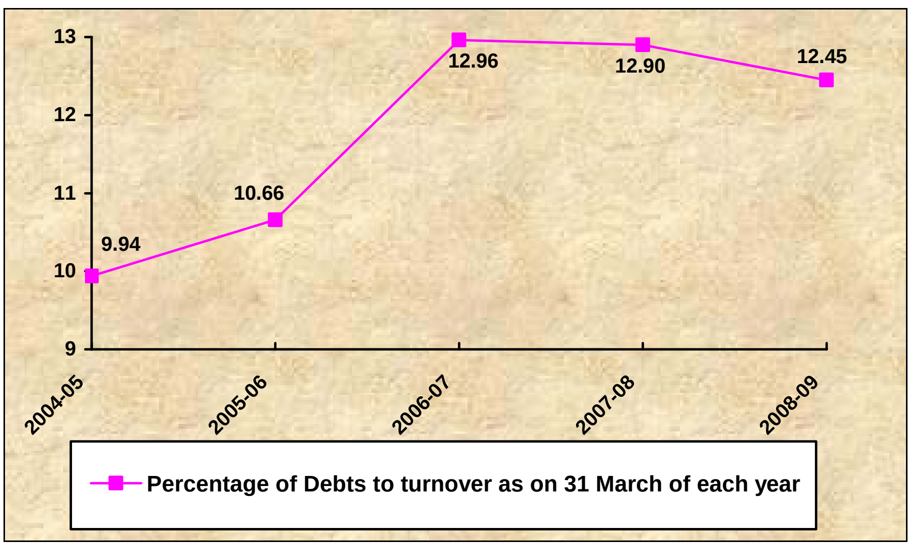
[25] At the rate of Re. 1.35 per KM of route length of 1,200 KM per round trip from Agartala to Guwahati and back.

parties. An amount of Rs. 60.89 lakh was due as on 31 March 2009 from various parties out of which Rs. 55.52 lakh was due from Government Departments. An amount of Rs. 19.85 lakh was pending for more than five years, which indicates ineffective follow up action.

5.2.69 Further, the Corporation provides free/ concessional passes to various categories of public like students, senior citizens, physically handicapped persons etc. During 2004-05 to 2008-09, the Corporation incurred Rs.18.50 lakh on such facilities in pursuit of Government policy. It was observed in Audit that the Corporation did not maintain records detailing concession provided category-wise and hence did not claim the amount from the Government. The Government stated (August 2009) that reimbursement was not feasible since these concessional fares were not quantifiable in the absence of an assessable system of passes, as is in use in other State Transport Corporations.

5.2.70 Analysis in Audit of the debts outstanding as a percentage of turnover for the five years ending March 2009, is depicted in the graph below. However, the age-wise analysis of outstanding debts for all five years was not available.

Chart No. 5.2.5



The percentage of debts outstanding to the turnover has increased from 9.94 *per cent* in 2004-05 to 12.45 *per cent* in 2008-09.

5.2.71 From the above, it can be seen that outstanding dues continuously increased over 2004-07 as compared to turnover and decreased marginally in 2007-08 and 2008-09, indicating that the Corporation had not taken regular follow up action to recover its dues.

Realignment of business model

5.2.72 The Corporation is mandated to provide an efficient, adequate and economical road transport to public. Therefore, the Corporation cannot take an absolutely commercial view in running its operations. It has to cater to uneconomical routes to fulfil its mandate. It also has to keep the fares affordable. In such a situation, it is imperative for the Corporation to tap non-traffic revenue sources to cross-subsidise its operations. The share of non-traffic revenues (other than interest on investments) was 21.90 *per cent* of total revenue during 2004-09. This revenue of Rs.5.40 crore during 2004-09 mainly came from goods transport service, railways ticketing service and airlines ticketing service.

5.2.73 Over a period of time, the Corporation has come to acquire sites at prime locations in towns, district and tehsil headquarters. The Corporation generally uses the ground floor/land for its operations, leaving ample scope to construct and utilise spaces above. Audit observed that the Corporation has owned lands at important locations measuring 98,301 square metres (sq.m) as shown below.

Table No. 5.2.14

Particulars	Town	District HQrs.	Tehsil HQrs.	Total
Number of sites	4	3	6	13
Occupied Land (sq.m.)	50,532	22,793	24,976	98,301

5.2.74 It was observed that out of 98,301 sq.m of land available with the Corporation, it had utilised only 13,721 sq.m. It is, thus, possible for the Corporation to undertake projects on public private partnership (PPP) basis for construction of shopping complexes, malls, hotels, office spaces, etc. above (from first or second floor onwards) the existing sites so as to bring in a steady stream of revenues without any investment by it. Such projects can be executed without curtailing the existing area of operations of the Corporation. Such projects can yield substantial revenue for the Corporation which can only increase year after year.

5.2.75 Under a Memorandum of Understanding (April 2006) with the Dhalai Zilla Parishad (ZP), the Corporation handed over 14,377.50 square metres of land at Ambassa to the ZP for developing an integrated motor stand. The net revenue was to be shared by the Corporation with the ZP. Even after lapse of three years, the Corporation had neither ascertained the extent of development nor followed up for realisation of income, indicating a casual approach. Further, though the Board had directed (May 2008) preparation of an action plan for best utilisation of land/property, the Corporation had not prepared any plans. Since substantial non-traffic revenue will help the Corporation cross-subsidise its operations and fulfil its mandate effectively, the Corporation may like to study realigning its business model and frame a policy in this regard. The Government assured (August 2009) to re-examine the MOU and re-work revenue sharing as an appropriate percentage of gross earnings instead of net earnings to preclude possibility of cost inflation by operators.

5.2.76 The Corporation also acts as ticket booking agent for Railways and Airlines on commission basis. As per agreement with the railways, which was in effect till December 2006, the Corporation was paid commission at four *per cent* on aggregate sale proceeds of tickets. However, as per the policy of the Railway Board, in the fresh agreement entered from January 2007, the commission was reduced to two *per cent*. It was observed that during 2004-05 and 2005-06, the Corporation earned net revenue of Rs. 10.59 lakh after deducting salaries and service tax from commission. However, after revision, it incurred a loss of Rs. 16.76 lakh by operating the railway reservation counter. The Corporation may consider taking up the matter with Railway Board to enhance the commission appropriately so that losses on that account can be avoided.

5.2.77 The Corporation has not explored the possibility of utilising the exteriors and interiors of the buses and the exterior of its' premises for advertisements to earn revenue from advertisers.

Fare policy and fulfillment of social obligations

Existence and fairness of fare policy

5.2.78 For all road transport operators including the Corporation, the State Government fixes fares within Tripura under sub-section (1) of Section 67 of Motor Vehicles Act, 1988. The policy is to revise fares *pro rata* on cost of inputs mainly fuel at 80 *per cent*, passenger load factor for a 47 seat capacity bus, fuel efficiency of 3.1 KMPL and with 20 *per cent* loading as operators' profit. The Government fixes the fares for ordinary buses on per kilometre per passenger basis considering the above factors, which rose from 32 paise in 2004-05 to 35.05 paise in 2008-09. Therefore, the normative costs of the Corporation find no place in the fixation of fares. Audit observed that with the same fare for all bus operators (including private operators), the Corporation could have curtailed cost and increased revenue with better operational efficiency. Audit further worked out that the loss of revenue due to less vehicle productivity and excess cost due to extra fuel consumption as compared to all India average during 2004-09 was as given in the table below.

Table No. 5.2.15

(In Rupees)

S.No.	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1.	Loss of revenue due to less vehicle productivity (per KM)	18.55	19.04	23.58	19.83	31.50
2.	Excess cost due to excess consumption of fuel (per KM)	0.14	0.14	0.13	0.49	0.46

5.2.79 The Corporation stated (August 2009) that since it played a marginal role in the public transport system, it had never approached the Government for increase in fares.

5.2.80 The Government stated (August 2009) that the fare policy with presumptive load factor was a simplified explanation. In actual practice, the fares were based on estimated daily fixed and variable costs for a bus with seating capacity of 52 passengers and daily vehicle productivity of 100 KM.

5.2.81 The above facts lead to conclude that it is necessary to regulate the fares on the basis of a normative cost and it would be desirable to have an independent regulatory body (like Tripura Electricity Regulatory Commission) to fix the fares, specify operations on uneconomical routes and address the grievances of commuters.

Adequacy of services on uneconomical routes

5.2.82 The Corporation had no profit making routes as of March 2009 as discussed in paragraph 5.2.36. However, the position would change if the Corporation improves its efficiency. Nonetheless, there would still be some routes which would be uneconomical. Though the Corporation is required to cater to these routes, the Corporation has not formulated norms for providing services on uneconomical routes. In the absence of norms, the adequacy of services on uneconomical routes cannot be ascertained in Audit. The desirability to have an independent regulatory body to specify the quantum of services on uneconomical routes, taking into account the specific needs of commuters, is further underlined.

Monitoring by top management

MIS data and monitoring of service parameters

5.2.83 For an organisation like a Road Transport Corporation to succeed in operating economically, efficiently and effectively, there has to be written norms of operations, service standards and targets. Further, there has to be a Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The targets should generally be such that the achievement of which would make an organisation self-reliant. The status in respect of the Corporation in this regard is given below.

- Though the targets were set for important operational parameters, the basis for fixation of the same were not available on record. Further, the physical and financial operational milestones achieved were not periodically put up to the Board of Directors for consideration and discussion.

- Though monthly returns are prescribed for various operational parameters, these were not analysed, reviewed, compiled or safely housed.

Most of the posts in the top Management had been vacant during the review period.

- The Corporation is managed by a part time Managing Director (MD), a Deputy Managing Director (Administration) and a Chief Accounts Officer. It was observed in Audit that most of the posts in the top management were vacant. During the last six years, the Government appointed nine MDs for terms ranging from 13 days to two years. Further, all the MDs were holding additional charge of the Corporation besides their regular assignments. The Government agreed (August 2009) that senior level vacancies needed to be filled up for better performance.

- Under the Road Transport Corporations Act, 1950, a Board meeting shall be held every three months. Against the requirement of 20 Board meetings during the period under review, only 11 Board meetings were held after delays of nine days to six months from their due dates.

5.2.84 The top management of the Corporation is expected to demonstrate managerial capability to set realistic and progressive targets, address areas of weakness and take remedial action wherever the things are not moving on expected lines. However, such capability was not seen either from records or performance of the Corporation during period under review.

Conclusion

Operational performance

- The Corporation could not keep pace with the growing demand for public transport as its share declined from 5.81 *per cent* in 2004-05 to 4.09 *per cent* in 2008-09.
- In the absence of separate records for the various components of costs relating to bus operations, Audit could not analyse the recovery of the same with reference to traffic revenue from the bus operations.
- The Corporation was not running its operations efficiently as its performance on important operational parameters like fleet utilisation and vehicle productivity was below all India average.
- In the absence of maintenance of proper records, Audit could not ensure compliance to preventive maintenance schedule prescribed by OEMs. This may have affected the roadworthiness of its buses.
- The Corporation did not ensure economy in operations as its fuel cost was higher than the all India average.

Financial management

- The Corporation did not demonstrate utmost discipline in raising its claims for dues in time and follow up recovery of dues to logical end leading to increase in percentage of debtors to the turnover from 9.94 in 2004-05 to 12.45 in 2008-09.
- The Corporation did not have any policy for tapping non-conventional sources of revenue by undertaking PPP projects on vacant land though it could have brought in steady stream of revenue.

Fare policy and fulfillment of social obligations

- Though the State Government fixes fare on the basis of input costs, the same is not on scientific basis.
- No policy yardstick has been laid down for operation on uneconomical routes. Therefore, the adequacy of operations could not be ascertained in Audit.

Monitoring by top management

- The top level management posts are either vacant or filled by holding additional charge besides their regular duties leading to ineffective control.
- The requisite number of Board of Directors meetings as per the Road Transport Corporations Act 1950 were not held during the review period.

On the whole, there is immense scope to improve the performance of the Corporation. However, the present set-up of the Corporation does not seem to be equipped to handle this. Effective monitoring of key parameters, coupled with certain policy measures, can see improvement in performance.

Recommendations

Operational performance

- The Corporation may take effective steps to increase vehicle productivity.
- The Corporation may prepare schedules for preventive maintenance and ensure adherence to the same so as to increase the efficiency on that account.
- The Corporation may take immediate steps to reduce its manpower by implementing a suitable voluntary retirement scheme as envisioned by the Council of Ministers in September 2004.
- The Corporation should maintain separate records for the various components of costs relating to bus operations for control purposes.

Financial performance

- The Government/ Corporation may consider devising a policy for tapping non-conventional sources of revenue on a large scale, which will result in steady inflow of revenue without additional investment.
- The Government/ Corporation may ensure that the books of accounts are properly maintained and accounts are compiled in time.

Fare policy and fulfillment of social obligations

- The Government may consider creating a regulator to regulate the fares on the basis of a normative cost, specify operations on uneconomical routes and address the grievances of commuters.

Monitoring by top management

- Government may consider filling up the vacant post in top management by appointing regular incumbents.
- Management may also ensure regular monitoring of important operational parameters to take remedial measures and adequately follow up the same to achieve desired objectives.

SECTION- B
AUDIT OF TRANSACTIONS

INDUSTRIES AND COMMERCE DEPARTMENT
(Tripura Industrial Development Corporation Limited)

5.3 Loss of revenue

Granting additional term loans to known defaulters and failure to take timely action to recover dues from defaulting loanees including non invocation of securities, led to loss of revenue of Rs. 2.08 crore in two cases.

Tripura Industrial Development Corporation Limited (Company), allows One Time Settlement (OTS) of outstanding loans to defaulting units on payment of a lump sum amount in full settlement of their outstanding dues. The Company does not have guidelines nor has framed any modalities for allowing OTS, decisions are taken on case to case basis.

During 2008-09, the Company allowed OTS to 15 loanees to whom Rs. 38.18 lakh was disbursed during 1988 to 2004 and Rs. 3.47 crore[26] was outstanding against them as on 31 March 2008, on payment of Rs. 51.90 lakh, allowing a waiver of Rs. 2.95 crore. Two cases of OTS noticed in audit are discussed under:

(a) Nirmala Hotel-cum-restaurant at Kailashahar was sanctioned (October 1990) a term loan of Rs. 11 lakh for construction of the hotel-cum-restaurant, which was disbursed in 7 installments between May 1991 and July 1993. The loan was repayable in 14 half yearly equal installments from the date of disbursement, with one year moratorium. Interest at 12.5 *per cent* per annum was payable at the end of every quarter and penal interest at 3 *per cent* per annum was to be charged on all overdue installments of principal and interest. In addition to primary securities, the Company has also taken collateral security of land valued in 1990 as Rs. 11.53 lakh.

Further, despite irregular repayments, an additional term loan of Rs. 3.85 lakh was sanctioned (August 1994). Of which, Rs. 3.30 lakh was disbursed in four installments between December 1994 and September 1995.

The repayment of dues continued to be irregular and despite serving customary notices, no action was taken to either invoke primary or collateral security. Upto March 2006, the loanee had paid only Rs. 11.05 lakh (Principal: Rs. 2.50 lakh + Interest: Rs.8.55 lakh) against outstanding of Rs. 98.26 lakh[27]. No further repayments were made thereafter and in June 2007, the loanee proposed for One Time Settlement (OTS), of Rs. 12 lakh (Principal: Rs.11.80 lakh + Interest: Rs. 0.20 lakh) payable

[26] Principal: Rs.0.38 crore, Interest: Rs. 2.80 crore and Penal interest: Rs 0.29 crore.
[27] (Principal: Rs.11.80 lakh + Interest: Rs. 72.72 lakh + Penal Interest: Rs. 13.74 lakh).

within 4 years against Rs. 1.17 crore[28] outstanding as on 31 March 2007, which was not accepted by the Company. Only then did the Company issue on 23 June 2008, a notice under Section 30 of the State Financial Corporation Act, 1951, demanding payment of Rs. 1.39 crore[29] due as on 31 March 2008, to which the loanee did not respond. The Company then issued notice to the loanee under Section 29 of the Act, *ibid*, on 7 January 2009 for taking over possession of the hotel on 21 January 2009. The loanee proposed (12 January 2009) to pay Rs. 25 lakh as OTS, against Rs. 1.39 crore due as on 31 March 2008. The Company had not assessed the current value of the property[30] despite apprehending (July 2007) that the value of the land would be much more than at the time of disbursement of the loan. The Board of Directors (BOD) of the Company in its meeting held on 3 February 2009 accepted the proposal, allowing waiver of Rs. 114.41 lakh. This resulted in loss of revenue of Rs. 93.75 lakh[31].

The Government stated (October 2009) that as the project was incomplete due to cost overrun, additional loan was released to safeguard the original loan. The substantial outstanding was only a book figure arising from compounding of interest and penal interest over 17 years with little co-relation to the repaying capacity of the borrower.

The reply does not address the fact that Management's failure to take timely action at the first instance of default would have prevented this accumulation of dues.

(b) The Company sanctioned (July 1989) a term loan of Rs. 5.70 lakh and an additional term loan of Rs. 1.65 lakh (August 1990) to C.K. Industries, Agartala, a Nuts and Bolts manufacturing unit, to be repaid within a period of eight years in 14 half yearly installments of equal amounts. Though the loanee did not repay at all, an additional term loan of Rs. 0.85 lakh was sanctioned (June 1992) which was to be repaid in 84 monthly installments within a period of eight years. The loan carried interest at 12.50 *per cent* per annum for Rs. 7.35 lakh (Rs. 5.70 lakh and Rs. 1.65 lakh) and at 15 *per cent* per annum for Rs. 0.85 lakh. Though the loan was disbursed subject to hypothecation of the assets created, the Company had failed to obtain the mortgage deed.

The unit was in operation from January 1992 to July 1993 and thereafter remained closed, as it could not arrange working capital from commercial banks. Though the loanee had only paid interest of Rs. 788 till January 1990, no recovery suit / certificate case was filed by the Company.

The loanee proposed (December 2005) to pay the principal (Rs. 8.20 lakh) only in five years as OTS against Rs. 76.56 lakh outstanding as on 31 March 2005 (Principal: Rs. 8.20 lakh and Interest: Rs. 68.36 lakh), which was not accepted by the BOD in its 125th Meeting (held on 4 May 2006) and the case was referred (15 May 2006) to the

[28] Principal: Rs. 11.80 lakh + Interest: Rs. 88.31 lakh + Penal interest: Rs. 16.89 lakh.
[29] Principal: Rs. 11.80 lakh + Interest: Rs. 106.97 lakh + Penal interest: Rs. 20.66 lakh.
[30] Value of the land assessed in October 1990 at Rs. 11.53 lakh, hotel building and other fixed assets estimated in April 1994 at Rs. 17.50 lakh.
[31] Rs.114.41 lakh *minus* penal interest of Rs. 20.66 lakh.

Tripura Public Demand Recovery Court for recovery. Pending decision of the Court, the loanee again proposed (November 2008) to pay the principal (Rs. 8.20 lakh) only as OTS, against Rs. 1.23 crore outstanding as on 31 March 2008 (Principal: Rs. 8.20 lakh and Interest: Rs. 114.45 lakh). In the absence of any guidelines, the BOD in its 141st Meeting (held on 12 December 2008) accepted the alike proposal, which it had rejected in May 2006, allowing waiver of interest of Rs. 114.45 lakh. This resulted in loss of revenue of Rs. 1.14 crore.

The Government stated (October 2009) that the additional loans were disbursed to overcome non-availability of capital investment subsidy and working capital from commercial banks. Consequently, the unit was unable to operate commercially and failed to repay its dues.

The reply overlooks the fact that the borrower had pointed out (March 1994) that the working capital assessment was totally theoretical and far from practical. Moreover, even after release of additional loans the unit failed to take off due to shortage of finance.

Thus, granting additional term loans to known defaulters and failure to take timely action to recover dues from defaulting loanees including non invocation of securities, led to loss of revenue of Rs. 2.08 crore in two cases.

(Tripura Jute Mills Limited)

5.4 Avoidable loss due to gunny bags damaged during transportation

Failure of Tripura Jute Mills Limited to properly wrap bales of gunny bags with water resistant packing materials resulted in water damage of 485.5 out of 910 bales of gunny bags and avoidable loss of Rs. 31.03 lakh.

As per orders of the Directorate General of Supplies and Disposals, Kolkata, Tripura Jute Mills Limited (Company) supplied 910 bales[32] of gunny bags at invoice value of Rs. 98.57 lakh to the District Manager, HAFED, Haryana (390 bales in January 2004) and to the District Manager, CONFED, Haryana (260 bales in February and 260 bales in March 2006). The consignments were insured with the National Insurance Company and dispatched to their destinations through Tripura Town Out Agency, Agartala, an agent of the NF Railway, in sealed and riveted wagons. According to Para 11 Indian Railways Goods Tariff No. 44 Pt I (Vol. II), the Company had to ensure that the gunny bags were to be packed in such a manner that they are not liable to damage during transit and to withstand the rigours of transportation.

Scrutiny (January 2009) of records of the Company indicated that out of 910 bales of gunny bags, 485.5 bales were received by the consignees (District Manager, HAFED: 186.5 bales and District Manager, CONFED: 299 bales) in water-damaged condition. The Company sold the damaged bags to other parties for Rs. 7.97 lakh. To cover the loss, the Company made a claim with the Insurance Company for the balance amount

[32] One bale contains 500 bags each weighing 665 grams.

of Rs.45.56 lakh[33]. The Insurance Company paid only Rs.14.53 lakh as final settlement of the claim based on five survey reports of three surveyors appointed (September 2004 and September 2006) by the Insurance Company, assessing therein (May 2005 and August 2007) an aggregate loss of Rs. 42.79 lakh. Reasons for deduction by the Insurance Company were not intimated, though called for in audit.

Thus, failure of the Company to properly wrap the bales of gunny bags with water resistant packing materials resulted in water damage of 485.5 out of 910 bales of gunny bags, which resulted in avoidable loss of Rs. 31.03 lakh (Rs. 45.56 lakh *minus* Rs. 14.53 lakh).

The Government attributed (October 2009) the water damage to defective metre gauge rail wagons and during the transhipment at Lumding railway junction. Moreover, gunny bags were manufactured as per the specifications of Bureau of Indian Standards and there was no provision to use water resistant packing materials for the bales. However, since 2007, bales shipped both by road and rail were being covered with polythene sheets to protect them from water damage.

The reply substantiates that the loss in the earlier instances could have been avoided, had the bales been covered with water resistant materials, like polythene sheets, as required under rules of the Indian Railways. The reply did not mention whether cost benefit analysis of improved packaging for all goods had been undertaken by the Management to obviate the possibility of damage in transit.

[33] Total loss: Rs.53.53 lakh *minus* salvaged value: Rs. 7.97 lakh.

INDUSTRIES AND COMMERCE, FOREST, TRIBAL WELFARE (TRP&PGP) AND TRANSPORT DEPARTMENTS

5.5 Opportunity to recover money ignored

Seven Public Sector Undertakings did not either seize the opportunity to recover their money or pursue the matters to their logical end. As a result, recovery of money amounting to Rs. 4.19 crore remains doubtful.

A review of unsettled paras from Inspection Reports (IRs) pertaining to periods upto 2003-04 showed that there were 23 paras in respect of seven Public Sector Undertakings (PSUs) involving a recovery of Rs. 4.19 crore. As per Memorandum No.F. 8(2)-FIN(PAC)/89 dated 14 July 1993, of the Finance Department, Government of Tripura, the PSUs are required to take remedial action within one month after receipt of IRs from Audit. However, no effective action has been taken to take the matters to their logical end, i.e., to recover money from the concerned parties. As a result, these PSUs have so far lost the opportunity to recover their money, which could have augmented their finances.

PSU-wise details of paras and recovery amount are given below. The list of individual paras is given in **Appendix-5.6.**

Table No. 5.5.1

(Rupees in crore)

Sl. No.	Name of the Public Sector Undertakings	No. of paras	Amount for recovery
1.	Tripura Small Industries Corporation Limited	6	0.97
2.	Tripura Forest Development Plantation Corporation Limited.	3	0.33
3.	Tripura Tea Development Corporation Limited	1	0.01
4.	Tripura Handloom and Handicrafts Development Corporation Limited	7	2.02
5.	Tripura Rehabilitation Plantation Corporation Limited	1	0.07
6.	Tripura Jute Mills Limited	1	0.36
7.	Tripura Road Transport Corporation	4	0.42
Total		**23**	**4.19**

The paras mainly pertain to recovery on account of advances to staff and private parties, credit sales and dues from Government departments of the State and shortage of stock.

Above cases point out the failure of respective PSU authorities to safeguard their financial interests. Audit observations and their repeated follow up by Audit, including bringing the pendency to the notice of the Administrative/ Finance Department and PSU Management periodically, have not yielded the desired results in these cases.

The PSUs should initiate immediate steps to recover the money and complete the exercise in a time bound manner.

The matter was reported to the Government in July 2009; their reply was awaited (September 2009).

INDUSTRIES AND COMMERCE, FOREST AND TRANSPORT DEPARTMENTS

5.6 Lack of remedial action on audit observations

Seven Public Sector Undertakings did not either take remedial action or pursue the matters to their logical end in respect of 16 paras, resulting in foregoing the opportunity to improve their functioning.

A review of unsettled paras from Inspection Reports (IRs) pertaining to periods upto 2003-04 showed that there were 16 paras in respect of seven Public Sector Undertakings (PSUs) which pointed out deficiencies in functioning of these PSUs. As per the Government of Tripura, Finance Department Memorandum No.F. 8(2)-FIN(PAC)/89 dated 14 July 1993, the PSUs are required to take remedial action within one month after receipt of IRs from Audit. However, no effective action has been taken to take the matters to their logical end, i.e., to take remedial action to address these deficiencies. As a result, these PSUs have so far lost the opportunity to improve their functioning in this regard.

PSU-wise details of paras are given below. The list of individual paras is given in **Appendix-5.7.**

Table No. 5.6.1

Sl No.	Name of the Public Sector Undertakings	No. of paras
1.	Tripura Small Industries Corporation Limited	4
2.	Tripura Forest Development Plantation Corporation Limited	1
3.	Tripura Tea Development Corporation Limited	1
4.	Tripura Handloom and Handicrafts Development Corporation Limited	5
5.	Tripura Jute Mills Limited	1
6.	Tripura Natural Gas Company	2
7.	Tripura Road Transport Corporation	2
	Total	**16**

The paras mainly pertain to irregular expenditure, non-deposit of provident fund dues, avoidable liabilities on sales tax payment and idle investment.

Above cases point out the failure of respective PSU authorities to address the specific deficiencies and ensure accountability of their staff. Audit observations and their repeated follow up by Audit, including bringing the pendency to the notice of the Administrative/Finance Department and PSU Management periodically, have not yielded the desired results in these cases.

The PSUs should initiate immediate steps to take remedial action on these paras and complete the exercise in a time bound manner.

The matter was reported to the Government in July 2009; their reply was awaited (September 2009).

(E. M. Patton)
Accountant General (Audit),
Tripura, Agartala

Agartala
The 2010

Countersigned

(Vinod Rai)
Comptroller and Auditor General of India

New Delhi
The 2010

Appendix 1.1
Statement showing selected projects/schemes for audit
(Reference: Paragraph 1.1.6)

Sl. No	Name of the Project/ scheme	Year of sanction	Nature of funding	Classification of area
	Minor Irrigation Schemes			
1.	Lift Irrigation (LI) scheme at Kathiram over Dagducherra	2006-07	AIBP	Tribal Sub Plan TSP
2.	LI scheme at Kalibari-II over Lalcherra	2007-08	AIBP	General
3.	LI scheme at Naprai Sardarpara from river Sonai	2006-07	AIBP	TSP
4.	LI scheme at Ujandudhpur-IV	2007-08	AIBP	Scheduled Caste Sub Plan (SCCP}
5.	LI scheme at Nutanpally-I from Kalapania cherra	2006-07	AIBP	General
6.	LI scheme at Tuisama (Chandul ADC) near Lailongbari J.B. school	2007-08	AIBP	TSP
7.	LI scheme at Purba Rangamati-II	2006-07	AIBP	SCCP
8.	LI. scheme at Gamakomath (Burburia)	2007-08	AIBP	TSP
9.	LI scheme at Purba Nalicherra(near the land of Bhanu Ghosh)	2007-08	AIBP	General
10.	LI scheme at Balaramcherra near high school	2007-08	AIBP	SCCP
11.	LI. scheme at Noagaon Fatikcherra Phase-IV	2005-06	AIBP	SCCP
12.	LI scheme at Berimura Phase-II in Fatikcherra G/S	2005-06	AIBP	SCCP
13.	LI scheme at Noagaon Fatikcherra Phase-III	2005-06	AIBP	SCCP
14.	LI scheme at Satya Gurupara (near Santipur) in Ghilatali G/P from Khowai river	2006-07	AIBP	TSP
15.	LI scheme at Bhagyamani Chakmapara from Gaburcherra phase-II	2006-07	AIBP	SCCP
16.	LI scheme at Sarkipara (Chakrukcherra) from Longai river	2007-08	AIBP	TSP
17.	LI scheme at Fultali over Baghuacherra in Fultali G/S	2006-07	AIBP	OBC
18	LI scheme at North Dabbari G/P	2005-06	AIBP	SCCP
19.	LI scheme at West Lamboo	2005-06	AIBP	TSP
20.	LI scheme at South Padmabil from Dugangacherra	2005-06	AIBP	General
21.	LI scheme at Noabaripara over Maharanicherra	2005-06	AIBP	TSP
22.	LI scheme at Maithulong (Conv.)	2006-07	AIBP	TSP
23.	LI scheme at Chandrakiranpara	2005-06	AIBP	TSP
24.	High capacity LI scheme at Rabindranagar	2005-06	AIBP	General
25.	LI scheme at South Masauli over Manu	2005-06	AIBP	General
26.	Deep Tube Well (DTW) scheme at Rahimpur (Baramaiden) under Boxanagar block	2004-05	Additional Central Assistance (ACA)	General
27.	DTW scheme at Indiranagar near the house of Bimal Das under Rajnagar block	2004-05	ACA	NA
28.	DTW scheme at Samatal Bagma under Dakshin Bagma GP under Matabari block	2007-08	AIBP♣ as per sanction order of the department	NA
29.	LI scheme at Manuacherra in Purba Chandighar GP over river Gumti	Awaiting sanction of GOI	AIBP♦	General

♣ Though surface water schemes are only eligible for funding from AIBP, the PWD (WR) irregularly sanctioned the ground water scheme under AIBP. No expenditure was incurred for the scheme till date.

♦ The schemes were included in 30 surface water MIS proposed for inclusion in AIBP during 2008-09 but not sanctioned by GOI during that year.

Appendix 1.1 (concld.)

Statement showing selected projects / schemes for audit

(Reference: Paragraph 1.1.6)

Sl. No	Name of the Project/ scheme	Year of sanction	Nature of funding	Classification of area
30.	Diversion scheme over Monaicherra under Khowai block	Awaiting sanction of GOI	AIBP[♥]	TSP
31.	DTW scheme at Balugang Mekhliband	2004-05	ACA	NA
32.	DTW scheme at Muktarlunga	2004-05	ACA	SC area
33.	DTW scheme at Brahman Puskarini	2006-07	State Plan as per sanction order of the Department	NA
34.	DTW scheme at Mayacherra	2004-05	ACA	NA
35.	DTW scheme at Nirvoypur	2004-05	ACA	NA
36.	DTW scheme at Manikyanagar	2004-05	ACA	NA
37.	DTW scheme at Rupaichari near the house of Mangsajai Mog	2004-05	ACA	ST
38.	DTW scheme at Naibdyapara under Garifa village	2006-07	NABARD	NA
39.	DTW scheme at near the land of Nutan Tripura	2006-07	NABARD	NA
40.	DTW scheme at Rangutia West	2004-05	ACA	NA
41.	DTW scheme at Mundapura under North Srirampur GP	2006-07	NABARD	ST
42.	DTW scheme at Rowa, 32 Drone (S)	2006-07	NABARD	General
43.	DTW scheme at Uptakhali (A)	2006-07	NABARD	General
44.	DTW scheme at Ramnagar (A)	2006-07	NABARD	General
45.	DTW scheme at 100 card	2006-07	NABARD	SC
46.	DTW scheme at Kalacharra Bazar	2006-07	NABARD	TSP
47.	DTW scheme at Nath Colony under Barpadua GP	2006-07	NABARD	GENERAL
48.	High capacity LI scheme at Halahalimath	2000-01	AIBP	NA
Medium Irrigation Project				
1.	Khowai Medium Irrigation Project	1980-81	State Plan (Up to 1995-96) AIBP (1996-97 onwards)	TSP

[♥] The schemes were included in 30 surface water MIS proposed for inclusion in AIBP during 2008-09 but not sanctioned by GOI during that year.

Appendix 1.2

Statement showing the details of physical progress of the canal system of KMIP as of June 2009

(Reference: Paragraph 1.1.9.3)

A. Main Canals

Canal	Targeted length (km)	Completed length as on November 2008 (km)	Works not executed / not completed		
			Length (Km)	Chainage (Km)	Reasons for non completion
1	2	3	4	5	6
Left bank main canal	17.594	15.220	0.130	4.200 to 4.330	Non-acquisition of forest land
			0.690	4.660 to 5.350	Non-completion of brick lining work
			0.030	5.820 to 5.850	Non-completion of brick lining work
			0.025	NA	Road crossing on Assam Agartala Road not yet completed
			0.050	12.825 to 12.875	Non-completion of brick lining work
			1.185	10.533 to 11.718	This portion of canal passes through Trishacherra where the resectioning of the cherra was completed
			0.264	13.481 to 13.745	Land dispute
Right bank main canal	13.600	12.091	0.041	10.955 to 10.996	Non-execution of aqueduct over Dinacherra
			0.700	12.400 to 13.100	Work delayed due to marshy land
			0.060	13.250 to 13.310	Non-execution of road crossing
Total	**31.194**	**28.019**	**3.175**		

B Branch Canals

Canal	Location at main canal	Targeted length (km)	Completed length as on November 2008 (km)	Works not executed / not completed		
				Length (Km)	Chainage (Km)	Reasons for non-completion
1	2	3	4	5	6	7
Left bank branch canal	Ch 2.500 km	1.500	Nil	1.500	-	Work not yet started
	Ch 4.500 km	1.000	Nil	1.000	-	Work in progress
	Ch 6.600 km	2.000	Nil	2.000	-	Work not yet started
	Ch 9.253 km	4.000	Nil	4.000	-	Possession of land yet to be obtained
	Ch 14.933 km	3.000	Nil	3.000	-	Work in progress
	Ch 17.293 km	1.000	Nil	1.000	-	Land dispute
Right bank branch canal	Ch 1.500 km	1.366	Nil	1.366	-	Work delayed due to land dispute
	Ch 4.060 km	2.035	2.035	Nil	-	-
	Ch 5.020 km	2.810	1.545	0.030	0 to 0.030	Canal outlet not yet done
				0.020	0.020 to 0.240	Non-execution of road crossing
				0.310	1.090 to 1.400	Land dispute
				0.285	1.600 to 1.885	Land dispute
				0.620	2.190 to 2.810	Work in progress
	Ch 6.000 km	1.935	Nil	1.935	-	Work in progress
	Ch 8.032 km	1.570	Nil	1.570	-	Land dispute
	Ch 9.800 km	3.466	Nil	3.466	-	Land dispute
Total		**25.682**	**3.580**	**22.102**		

Appendix 1.3
Statement showing the status and reason for delay in completion of schemes out of the 48 schemes selected in audit
(Reference: Paragraphs 1.1.10.1 and 1.1.10.5)

Sl. No.	Name of MIS	Year taken up	Targeted date of comple-tion	Present status of the scheme	Period of delay as on July 2009	Reasons for delay
1	High capacity LI scheme at Rabindranagar	2003-04	March 2007	Pump houses, intake wells, laying of Ductile Iron pipes (1.5 km), one box cell bridge and cross drainage work of RCC spun pipe completed	28 months	Non completion of canal and non-installation of pump motors in two pump houses
2	LI scheme Gamakomath (Burburia)	2007-08	March 2009	Pump house, installation of pump motors and PVC distribution line completed	4 months	Non-availability of suction GI delivery pipe
3	LI scheme at Satyaguru para (near Santipur) in Ghilatali G/P from Khowai river	2006-07	March 2008	Pump house, installation of pump motors and PVC distribution line completed	16 months	Non-energisation of the scheme by the Tripura State Electricity Corporation (TSECL)
4	DTW scheme at Samatal Bagma under Dakshin Bagma GP under Matabari Block	Taken up with Drinking Water and Sanitation wing of PWD in May 2008 for re-sinking	NA	No action was taken by the PWD (DWS) for re-sinking	-	Due to non-availability of rig in PWD (WR) and inaction of PWD (DWS)
5	LI scheme at Manuacherra in Purba Chandigarh GP over river Gumti	Not yet taken up	NA	Work not started	-	Due to site dispute
6	LI scheme at Nutanpally-1 from Kalapaniacherra	2006-07	March 2008	Pump house, and PVC distribution line completed	16 months	Non-energisation of the scheme by the TSECL
7	DTW scheme at Indranagar near the house of Bimal Das under Rajnagar block	2004-05	NA	Pilot hole bored	-	Suitable aquifer not found
8	Diversion scheme over Monaicherra under Khowai block	2007-08	NA	Work started with earth cutting, collection of sheet piling *etc.*	-	Due to security problem

Appendix 1.3 (Contd.)
Statement showing the status and reason for delay in completion of schemes out of the 48 schemes selected in audit

(Reference: Paragraphs 1.1.10.1and 1.1.10.5)

Sl. No.	Name of MIS	Year taken up	Targeted date of comple-tion	Present status of the scheme	Period of delay as on July 2009	Reasons for delay
9	LI scheme at Purba Nalicherra (near the land of Bhanu Ghosh)	2007-08	March 2009	Pump house and installation of pump motors completed	4 months	Due to non-completion of distribution system
10	LI scheme at Balaramcherra near high school	2007-08	March 2009	Pump house, installation of pump motors and PVC distribution line completed	4 months	Non-energisation of the scheme by the TSECL
11	LI scheme at North Dabbari G/P	2005-06	March 2007	Pump house completed	28 months	Work of laying of PVC distribution line not yet started
12	LI scheme at Fultali over Baghuarcherra in Fultali G/S	2006-07	March 2008	Pump house and installation of pump motors completed	16 months	Not taken over the scheme and non-appointment of pump operator by the panchayat
13	LI scheme at Ujandudhpur-IV	2007-08	March 2009	Pump house completed	4 months	Pump motor not installed and work of laying of PVC line not yet started
14	LI scheme at Sarkipara (Chakrukcherra) from Longai river	2007-08	March 2009	Pump house and installation of pump motors completed	4 months	Work of laying of PVC distribution line not yet started
15	DTW scheme near the land of Nutan Tripura	2008-09	December 2009	Resistivity survey done during the year 2008-09	-	Non-availability of drilling agency
16	DTW scheme at Naibdya under Garifa village.	2008-09	Oct.2009-	Resistivity survey done during the year 2008-09	-	-do-
17	DTW scheme at Mundapara under North Srirampur GP	2008-09	Oct.2009-	Tube well sunk and tender for construction of Pump house and installation of pump motor and lying of PVC pipe line is under finalization	-	Due to tendering and its finalisation
18	DTW scheme at Nath Colony under Baspadura	2008-09	Oct.2009-	Tube well sunk and tender invited for construction of Pump house	-	-do-
19	DTW scheme at Kalacherra Bazar	2008-09	Oct.2009-	Tube well sunk and tender invited for construction of Pump house	-	-do-
20	DTW scheme at 100 Card	2008-09	Oct.2009-	Tube well sunk and work order issued for pump house, installation of pump motor and laying of PVC Pipe line	-	-do-
21	DTW scheme at Rawa-32 Drone	2007-08	June 2008	Pump house completed .Installation of pump motor and laying of PVC Pipe line in progress	12 months	Reasons not furnished
22	DTW scheme at Uptakhali	2007-08	June 2008	Pump house completed .Installation of pump motor and laying of PVC Pipe line in progress	12 months	-do-

Appendix 1.3(Concld.)
Statement showing the status and reason for delay in completion of schemes out of the 48 schemes selected in audit
(Reference: Paragraphs: 1.1.10.1 and 1.1.10.5)

Sl. No.	Name of MIS	Year taken up	Targeted date of comple-tion	Present status of the scheme	Period of delay as on July 2009	Reasons for delay
23	DTW scheme at Ramnagar	2007-08	June 2008	Pump house completed. .Installation of pump motor and laying of PVC Pipe line in progress	12 months	-do-
24	DTW scheme at Mayacharra	2006-07	March 2007	Pump house with installation of pump motor and energisation completed in July 2006 .But laying of PVC pipe line not started as of August 2009 , for which work order has been issued	28 months	Non-availability of sluice valve in stores division and non-completion of construction of nearby existing road
25	High capacity LI scheme at Halahalimath	2000-01	June 2003	Pump house completed but installation of pump machine not done	72 months	Land acquisition problem

Source: Divisional records.

Appendix–2.1-A

Statement showing suspected fraudulent / misappropriated withdrawal of funds out of the CD account of DHS at United Bank of India, Agartala

(Reference: Paragraph 2.1)

(in Rupees)

Sl. No.	Cheque No. & date	Amount passed for withdrawal	Purpose of withdrawal	Amount withdrawn	Excess withdrawal
1.	398190 dated 4-11-05	Not on record	Not on record	33,525	33,525
2.	398193 dated 7-1-06	Not on record	Not on record	3,33,525	3,33,525
3.	783855 dated 6-3-07	34,800	Implementation of Training Programme on Birth & Death Registration	3,34,800	3,00,000
4.	783856 dated 16-3-07	25,000	For depositing into the Revenue Head of the Government	4,25,000	4,00,000
Total		**59,800**		**11,26,850**	**10,67,050**

Appendix-2.1-B

Statement showing suspected fraudulent / misappropriated withdrawal of funds out of CD account of DDO at State Bank of India, Agartala

(Reference: Paragraph 2.1)

Sl. No	Bill No. & Date (in bracket)	Amount of the bills (Rs.)	Cheque No. & date.	Actual amount drawn (Rs.)	Fraudulent excess drawal (Rs.)	Amount un-disbursed and misappropriated (out of bill amount in Col 3) (Rs.)
1	2	3	4	5	6	7
1.	543 (28.10.05)	7,257	969540 dt. 18.11.05	37,257	30,000	
2.	176 (28.5.07), 204 (13.6.07) and 257 (2.7.07)	6,236	328378 dt. 30.07.07	4,06,236	4,00,000	
3.	254 (26.6.07), 177 (28.5.07), 413 (25.8.07), 403 (23.8.07), 401 (22.8.07) and 927 (28.2.07)	20,751	328458 dt. 19.09.07	6,20,751	6,00,000	1,867
4.	156 (21.5.07)	15,000	328493 dt. 12.10.07	7,15,000	7,00,000	
5.	500 (22.9.07), 254 (26.6.07), 176 (28.5.07) and 501 (24.9.07)	17,099	328519 dt. 02.11.07	5,17,099	5,00,000	
6.	861 (4.2.08)	9,628	328724 dt. 27.3.08	9,09,628	9,00,000	7,896
7.	500 (22.9.07), 176 (28.5.07), 579 (29.10.07), 176 (28.5.07), 648 (28.11.07), 638 (22.11.07) and579 (29.10.07)	34,827	328584 dt. 19.12.07	4,34,827	4,00,000	6,229
8.	579 (29.10.07), 737 (26.12.07), 579 (29.10.07), 176 (28.5.07) and 767 (10.1.08)	31,483	328656 dt. 6.2.08	7,31,483	7,00,000	4,557
9	737 (26.12.07), 769 (11.1.08), 820 (22.1.08) and 819 (22.1.08)	12,277	328664 dt. 27.3.08	4,12,277	4,00,000	
10	447 (10.9.07), 176 (28.5.07), 579 (29.10.07), 176 (28.5.07), 847 (30.1.08) and 848 (30.1.08)	23,592	328687 dt. 4.3.08	9,23,592	9,00,000	30
11	835 (27.1.07), 861 (4.2.08), 413 (25.8.07), 500 (22.9.07), 861 (4.2.08) and 429 (30.8.07)	23,315	328710 dt. 18.3.08	9,23,315	9,00,000	7,025
12	1039 (21.3.08) and 1001 (18.3.08)	10,701	328726 dt. 28.3.08	9,10,701	9,00,000	3,715
13	579 (29.10.07), 861 (4.2.08), 579 (29.10.07), 835 (24.1.08), 914 (27.2.08), 835 (24.1.08), 914 (27.2.08) and 500 (22.9.07)	30,228	328772 dt. 5.4.08	8,30,228	8,00,000	
14	148 (30.5.08)	6,687	328948 dt. 31.7.08	9,06,687	9,00,000	
15	229 (26.6.08), 914 (27.2.08), 165 (12.6.08), 1011 (19.3.08), 166 (12.6.08) and 261 (16.7.08)	39,479	328964 dt. 14.8.08	8,39,479	8,00,000	
16	302 (24.7.08), 416 (8.9.08), 411 (6.9.08), 412 (6.9.08), 384 (29.8.08), 413 (6.9.08) and 423 (10.9.08)	24,470	198031 dt. 26.9.08	9,24,470	9,00,000	4,091
17	302 (24.7.08), 413 (6.9.08), 861 (4.2.08), 253 (26.6.07) and 861 (4.2.08)	22,646	198037 dt. 27.9.08	9,22,646	9,00,000	7,838
18	579 (29.10.07)	3,600	328703 dt. 15.3.08	12,03,600	12,00,000	

Appendix-2.1-B (concld.)

Statement showing suspected fraudulent / misappropriated withdrawal of funds out of CD account of DDO at State Bank of India, Agartala

(Reference: Paragraph 2.1)

Sl. No	Bill No. & Date (in bracket)	Amount of the bills (Rs.)	Cheque No. & date.	Actual amount drawn (Rs.)	Fraudulent excess drawal (Rs.)	Amount un-disbursed and misappropriated (out of bill amount in Col 3) (Rs.)
1	2	3	4	5	6	7
19	148 (30.5.08) and 466 (24.9.08)	20,683	304290 dt. 12.11.08	7,20,683	7,00,000	
20	250 (4.7.08), 466 (24.9.08), 553 (4.11.08), 552 (4.11.08) and 522 (20.10.08)	37,090	304303 dt. 22.11.08	8,37,090	8,00,000	
21	148 (30.5.08)	10,623	304335 dt. 17.12.08	8,10,623	8,00,000	
22	-	8,250	328394 dt. 4.8.07	4,58,250	4,50,000	8,250
23	-	8,291	328496 dt. 15.10.07	8,08,291	8,00,000	8,291
24	-	16,470	328640 dt. 30.1.08	3,16,470	3,00,000	16,470
25	-	5,715	328851 dt. 13.5.08	9,05,715	9,00,000	5,715
26	519 (12.10.06)	12,254	191950 dt. 16.6.07	12,254		2,450
27	177 (28.5.07) and 176 (28.5.07)	9,801	191979 dt. 6.7.07	9,801		3,455
28	254 (26.6.07) and 253 (26.6.07)	17,450	191992 dt. 18.7.07	17,450		11,663
29	500 (22.9.07), 254 (26.6.07), 637 (22.11.07), 927 (28.2.07), 674 (10.12.07), 579 (29.10.07) and 176 (28.5.07)	39,594	328612 dt. 8.1.08	39,594		19,959
30	1012 (19.3.08), 835 (24.1.08), 637 (22.11.07)	26,698	328828 dt. 28.4.08	26,698		7,102
31	166 (12.6.08), 835 (24.1.08), 861 (24.2.08) and 165 (12.6.08)	60,382	328935 dt. 24.7.08	60,382		28,943
32	466 (24.9.08), 148 (30.5.08), 552 (4.11.08), 254 (26.6.08), 628 (1.12.08) and 620 (1.12.08)	36,163	304348 dt. 26.12.08	36,163		10,992
33	572 (11.11.05) & 718 (4.1.06)	8,154	969596 dt. 24.1.06	38,154	30,000	8,154
34	553 (4.11.08), 639 (8.12.08)	33,322	304506 dt. 3.2.09	33,322		25,010
35	648 (28.11.07), 861 (4.2.08), 579 (29.10.07) and 500 (22.9.07)	51,192	328698 dt. 13.3.08	51,192		33,446
36	1012 (19.3.08), 914 (27.2.08) and 500 (22.9.07), 861 (4.2.08), 1000 (18.3.08)	58,515	328805 dt. 10.4.08	58,515		37,239
37	88 (5.5.08)	30,088	328854 dt. 16.5.08	30,088		2,000
Total		**8,30,011**		**1,84,40,011**	**1,76,10,000**	**2,72,387**

Appendix-2.1-C

Statement showing excess amount drawn out of DDO's CD account at State Bank of India, Agartala

(Reference: Paragraph 2.1)

Sl. No	Bill No. & Date (in bracket)	Total amount of the bills in Col.(ii)	Amount sanctioned & drawn (Rs.)	Cheque No. & date of amount drawn as in col. (iv)	Amount excess drawn (Rs.)
(i)	(ii)	(iii)	(iv)	(v)	(vi)
1.	519 (12.10.06)	10,254	12,254	191950 dt. 16.6.07	2,000
2.	254 (26.6.07) and 253 (26.6.07)	14,315	17,450	191992 dt. 18.7.07	3,135
3.	500 (22.9.07), 254 (26.6.07), 637 (22.11.07), 927 (28.2.07), 674 (10.12.07), 579 (29.10.07) and 176 (28.5.07)	25,246	39,594	328612 dt. 8.1.08	14,348
4.	1012 (19.3.08), 835 (24.1.08), 637 (22.11.07)	19,596	26,698	328828 dt. 28.4.08	7,102
5.	166 (12.6.08), 835 (24.1.08), 861 (24.2.08) and 165 (12.6.08)	40,431	60,382	328935 dt. 24.7.08	19,951
6.	466 (24.9.08), 148 (30.5.08), 552 (4.11.08), 254 (26.6.08), 628 (1.12.08) and 620 (1.12.08)	34,363	36,163	304348 dt. 26.12.08	1,800
7.	553 (4.11.08), 639 (8.12.08)	8,322	33,322	304506 dt. 3.2.09	25,000
8.	648 (28.11.07), 861 (4.2.08), 579 (29.10.07) and 500 (22.9.07)	21,192	51,192	328698 dt. 13.3.08	30,000
9.	1012 (19.3.08), 914 (27.2.08) and 500 (22.9.07), 861 (4.2.08), 1000 (18.3.08)	31,276	58,515	328805 dt. 10.4.08	27,239
	Total :	**2,04,995**	**3,35,570**		**1,30,575**

Appendix-2.1-D

Statement showing details of amount drawn out of DDO's CD account at SBI, Agartala without sanction order

(Reference: Paragraph 2.1)

Sl. No	Cheque No. & date	Amount withdrawn (Rs.)
1.	445122 dt. 9-12-05	88,696
2.	445139 dt. 26-12-05	2,30,450
3.	144066 dt. 30-3-06	53,518
4.	144068 dt. 31-3-06	11,209
5.	144098 dt. 10-4-06	31,954
6.	817876 dt. 31-8-06	40,110
7.	269686 dt. 30-10-06	87,570
8	273740 dt. 25-1-07	76,312
Total		**6,19,819**

Appendix-2.1-E

Statement showing details of transfer of funds from DHS's CD account to DDO's CD account

(Reference: Paragraph 2.1)

(in Rupees)

Sl. No	Cheque No. & date	Amount passed for withdrawal	Purpose of withdrawal	Amount transferred to DDO's CD a/c	Excess amount transferred
1.	703507 dated 10-8-08	53,711	To transfer the amount to the CD Accounts of DDO for payment of Income Tax collected from M/S YERCO Sales Pvt. Ltd, New Delhi	20,53,711 (on 3-10-08)	20,00,000
2	703503 dated 21-7-08	10,890	To transfer the amount to the CD Account of DDO for payment of Income Tax collected from M/S Indian Instruments Manufacturing Co., Kolkata	60,10,890 (on 23-7-08)	60,00,000
3	783875 (date not available since the cheque book was missing)	23,671	To transfer the amount to the CD Account of DDO for payment of Income Tax (name of supplier etc. were not recorded)	58,23,671 (on 13-3-08)	58,00,000
Total		**88,272**		**1,38,88,272**	**1,38,00,000**

Appendix-4.1

Statement showing calculation of loss of revenue of Rs. 55 lakh on dead rent

(Reference: Paragraph 4.3.7.2)

Sl. No.	MLs		Period	Dead rent payable (@ Rs. 25 per hectare for the first 100 sq km and Rs. 50 per hectare exceeding the first 100 sq km) (1 sq km = 100 hectare)		
	Name	Area (in sq km)		for areas for the first 100 sq km (Rs.)	for areas exceeding the first 100 sq km (Rs.)	Total (Rs.)
1.	Baramura	150.255	3 years	100 × 100 × 25 × 3 = 7,50,000	50.255 × 100 × 50 × 3 = 7,53,825	15,03,525
2.	Manikyanagar	138.55	3 years	100 × 100 × 25 × 3 = 7,50,000	38.55 × 100 × 50 × 3 = 5,78,250	13,28,250
3.	Konaban	16.89	3 years	16.89 × 100 × 25 × 3 = 1,26,675	-	1,26,675
4.	Agartala Dome	160.86	3 years	100 × 100 × 25 × 3 = 7,50,000	60.86 × 100 × 50 × 3 = 9,12,900	16,62,900
5.	Tichna	195.41	3 years	100 × 100 × 25 × 3 = 7,50,000	95.41 × 100 × 50 × 3 = 14,31,150	21,81,150
6.	Gojalia	217.71	3 years	100 × 100 × 25 × 3 = 7,50,000	171.17 × 100 × 50 × 3 = 25,67,550	33,17,550
7.	Kunjaban	288.00	9 months	100 × 100 × 25 × 9/12 = 1,87,500	188 × 100 × 50 × 9/12 = 7,05,000	8,92,500
Grand Total				**40,64,175**	**69,48,675**	**1,10,12,850**

Total amount of dead rent payable = Rs. 1,10,12,850 i.e. Rs. 1.10 crore

Loss of revenue due to execution of lease deeds at half the revised rate = Rs. 55 lakh
(Rs. 1.10 crore ÷ 2)

Appendix-5.1

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2009 in respect of Government companies and Statutory corporations

(Reference: Paragraph 5.1.7)

(Figures in column 5 (a) to 6 (c) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital[$]				Loans[**] outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	**(2)**	**(3)**	**(4)**	**5 (a)**	**5 (b)**	**5 (c)**	**5 (d)**	**5 (e)**	**6 (a)**	**6 (b)**	**6 (c)**	**(7)**	**(8)**
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Tripura Forest Development & Plantation Corporation Limited (TFDPCL)	FOREST	26.03.76	8.90	0.30	-	9.20	-	-	-	-	-	5,173
2.	Tripura Horticulture Corporation Limited (THCL)	AGRICULTURE	07.04.87	1.63	-	-	1.63	-	-	-	-	-	25
3.	Tripura Tea Development Corporation Limited (TTDCL)	INDUSTRIES & COMMERCE	11.08.80	21.66	-	-	21.66	-	-	-	-	-	746
Sector wise total				**32.19**	**0.30**	**-**	**32.49**	**-**	**-**	**-**	**-**	**-**	**5,944**
FINANCING													
4.	Tripura Handloom & Handicrafts Development Corporation Limited (THHDCL)	INDUSTRIES & COMMERCE	5.09.74	27.03	0.78	0.04	27.85	2.58	-	4.16	6.74	0.24:1 (0.27:1)	300
5.	Tripura Industrial Development Corporation Limited (TIDCL)	-DO-	28.03.74	12.76	-	1.64	14.40	-	-	-	-	-	34
6.	Tripura Rehabilitation Plantation Corporation Limited (TRPCL)	TRIBAL WELFARE (TRP&PGP)	03.02.83	4.58	-	-	4.58	-	-	-	-	-	171
Sector wise total				**44.37**	**0.78**	**1.68**	**46.83**	**2.58**	**-**	**4.16**	**6.74**	**0.14:1 (0.16:1)**	**505**
MANUFACTURE													
7.	Tripura Jute Mills Limited (TJML)	INDUSTRIES & COMMERCE	10.10.74	121.07	-	-	121.07	1.09	-	-	1.09	0.01:1 (0.01:1)	1,154
8.	Tripura Small Industries Corporation Limited (TSICL)	-DO-	30.04.65	32.00	-	-	32.00	-	-	-	-	-	253
Sector wise total				**153.07**	**-**	**-**	**153.07**	**1.09**	**-**	**-**	**1.09**	**0.01:1 (0.01:1)**	**1,407**
POWER													
9.	Tripura State Electricity Corporation Limited (TSECL)	POWER	09.06.04	109.29	-	-	109.29	89.71	-	-	89.71	0.82:1 (0.14:1)	4,691
Sector wise total				**109.29**	**-**	**-**	**109.29**	**89.71**	**-**	**-**	**89.71**	**0.54:1 (0.14:1)**	**4,691**
SERVICE													
10.	North Eastern Industrial Consultants Limited (NEICL)	INDUSTRIES & COMMERCE	31.07.87	-	-	0.21	0.21	-	-	-	-	-	N.A.
Sector wise total				-	-	**0.21**	**0.21**	**-**	**-**	**-**	**-**	**-**	**-**
MISCELLANEOUS													
11.	Tripura Natural Gas Company Limited (TNGCL)	INDUSTRIES & COMMERCE	10.07.90	-	-	1.39	1.39	-	-	0.50	0.50	0.36:1 (0.37:1)	69
Sector wise total				**-**	**-**	**1.39**	**1.39**	**-**	**-**	**0.50**	**0.50**	**0.36:1 (0.37:1)**	**69**
Total A (All sector wise working Government companies)				**338.92**	**1.08**	**3.28**	**343.28**	**93.38**	**-**	**4.66**	**98.04**	**0.29:1 (0.07:1)**	**12,616**

Appendix-5.1 (concld.)

Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2009 in respect of Government companies and Statutory corporations

(Reference: Paragraph 5.1.7)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorpo-ration	Paid-up Capital$				Loans** outstanding at the close of 2008-09				Debt equity ratio for 2008-09 (Previous year)	Manpower (No. of employees) (as on 31.3.2009)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
B. Working Statutory corporation													
SERVICE													
1.	Tripura Road Transport Corporation (TRTC)	TRANSPORT	23.10.69	150.11	3.64	-	153.75	0.25	-	-	0.25	Negligible	679
Sector wise total				**150.11**	**3.64**	**-**	**153.75**	**0.25**	**-**	**-**	**0.25**	**Negligible**	**679**
Total B (All sector wise working Statutory corporations)				**150.11**	**3.64**	**-**	**153.75**	**0.25**	**-**	**-**	**0.25**	**Negligible**	**679**
Grand Total (A + B)				**489.03**	**4.72**	**3.28**	**497.03**	**93.63**	**-**	**4.66**	**98.29**	**0.20:1 (0.05:1)**	
C. Non working Government companies													
FINANCING													
1.	Tripura State Bank Limited (TSBL)	FINANCE	Not available	0.04	-	-	0.04	-	-	-	-	-	-
Sector wise total				**0.04**	**-**	**-**	**0.04**	**-**	**-**	**-**	**-**	**-**	**-**
Total C (All sector wise non working Government companies)				**0.04**	**-**	**-**	**0.04**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A + B + C)				**489.07**	**4.72**	**3.28**	**497.07**	**93.63**	**-**	**4.66**	**98.29**	**0.20:1 (0.05:1)**	**13,295**

Above includes Section 619-B companies at Sr. Nos. A(10) and A(11).

$ Paid-up capital includes share application money.

** Loans outstanding at the close of 2008-09 represent long-term loans only.

Information furnished by PSUs except serial C(1).

Appendix-5.2

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Reference: Paragraph 5.1.15)

(Figures in column 5 (a) to (6) and (8) to (10) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments[#]	Paid up Capital[£]	Accumulated Profit (+)/ Loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED														
1.	TFDPCL	2001-02	2009-10	(-) 1.06	-	0.64	(-) 1.70	8.15	(-) 0.09	9.00	(-) 3.99	8.93	(-) 1.70	-
2.	THCL	2003-04	2009-10	(-) 0.33	-	0.02	(-) 0.35	7.58	-	1.43	(-) 1.04	(-) 0.66	(-) 0.35	-
3.	TTDCL	2001-02	2009-10	(-) 1.87	-	0.09	(-) 1.96	2.69	(+) 0.07	7.86	(-) 5.01	6.14	(-) 1.96	-
Sector wise total				**(-) 3.26**	-	**0.75**	**(-) 4.01**	**18.42**	**(-) 0.02**	**18.29**	**(-) 10.04**	**14.41**	**(-) 4.01**	
FINANCING														
4.	THHDCL	1993-94	2005-06	(-) 0.90	0.20	0.14	(-) 1.24	3.67	(-) 1.21	2.95	(-) 4.35	7.23	(-) 1.04	-
5.	TIDCL	2003-04	2009-10	(+) 0.42	0.10	0.01	(+) 0.31	1.09	(-) 0.01	12.41	(-) 5.23	12.87	(+) 0.41	3.19
6.	TRPCL	2006-07	2008-09	(+) 1.36	0.04	0.05	(+) 1.27	11.76	(+) 0.02	4.58	2.35	30.38	(+) 1.31	4.31
Sector wise total				**(+) 0.88**	**0.34**	**0.20**	**(+) 0.34**	**16.52**	**(-)1.20**	**19.94**	**(-) 7.23**	**50.48**	**(+)0.68**	**-**
MANUFACTURE														
7.	TJML	2004-05	2009-10	(-) 7.66	-	0.03	(-) 7.69	2.40	(-) 0.82	87.07	(-) 90.21	1.63	(-) 7.69	-
8.	TSICL	1999- 2000	2009-10	(-) 1.10	-	0.02	(-) 1.12	5.92	(-) 0.02	11.37	(-) 12.52	1.78	(-) 1.12	-
Sector wise total				**(-) 8.76**	-	**0.05**	**(-) 8.81**	**8.32**	**(-) 0.84**	**98.44**	**(-) 102.73**	**3.41**	**(-) 8.81**	**-**
POWER														
9.	TSECL	2005-06	2008-09	(+) 34.36	-	25.55	(+) 8.81	211.09	(-) 0.02	9.55	(+)8.81	777.76	(+) 8.81	1.13
Sector wise total				**(+) 34.36**	-	**25.55**	**(+) 8.81**	**211.09**	**(-) 0.02**	**9.55**	**(+)8.81**	**777.76**	**(+) 8.81**	
SERVICES														
10.	NEICL	2000-01	2005-06	(+) 0.01	-	-	(+) 0.01	0.31	(-) 0.05	0.21	(+) 0.02	0.01	(+) 0.01	100.00
Sector wise total				**(+) 0.01**	-	-	**(+) 0.01**	**0.31**	**(-) 0.05**	**0.21**	**(+) 0.02**	**0.01**	**(+) 0.01**	
MISCELLANEOUS														
11.	TNGCL	2005-06	2009-10	(+) 0.45	-	0.22	(+) 0.23	2.80	-	1.39	(+) 0.63	4.18	(+) 0.23	5.43
Sector wise total				**(+) 0.45**	-	**0.22**	**(+) 0.23**	**2.80**	-	**1.39**	**(+) 0.63**	**4.18**	**(+) 0.23**	
Total A (All sector wise working Government companies)				**(+) 23.68**	**0.34**	**26.77**	**(-) 3.43**	**257.46**	**(-) 2.13**	**147.82**	**(-) 110.54**	**850.25**	**(-) 3.09**	**-**
B. Working Statutory corporation														
SERVICE														
1.	TRTC	2002-03	2007-08	(-) 10.03	5.55	0.83	(-)16.41	3.23	(-) 1.94	93.06	(-) 133.20	5.50	(-) 10.86	-
Sector wise total				**(-) 10.03**	**5.55**	**0.83**	**(-)16.41**	**3.23**	**(-) 1.94**	**93.06**	**(-) 133.20**	**5.50**	**(-) 10.86**	**-**
Total B (All sector wise working Statutory corporation)				**(-) 10.03**	**5.55**	**0.83**	**(-)16.41**	**3.23**	**(-) 1.94**	**93.06**	**(-) 133.20**	**5.50**	**(-) 10.86**	**-**
Grand Total (A+B)				**(+) 13.65**	**5.89**	**27.60**	**(-) 19.84**	**260.69**	**(-) 4.07**	**240.88**	**(-) 243.74**	**855.75**	**(-) 13.95**	

Appendix-5.2 (concld.)

Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Reference: Paragraph 5.1.15)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital£	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprecia-tion	Net Profit/ Loss							
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
FINANCING														
1.	TSBL	Non-	functional	for about	37 years.	In	the	process	liquidation	under	Section 560	of	Companies	Act 1956.
Sector wise total				-	-	-	-	-	-	-	-	-	-	-
Total C (All sector wise non working Government company)				-	-	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C)				**(+) 13.65**	**5.89**	**27.60**	**(-) 19.84**	**260.69**	**(-) 4.07**	**240.88**	**(-) 243.74**	**855.75**	**(-) 13.95**	**-**

Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses and (-) decrease in profit/ increase in losses.

£ Including share suspense/ share application money.

@ Capital employed represents net fixed assets (including capital works-in-progress) *plus* working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

$ Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

Appendix-5.3

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2009

(Reference: Paragraph 5.1.10)

(Figures in column 3 (a) to 6 (d) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	TFDPCL	-	-	-	-	0.02	0.02	-	-	-	-	-	-
2.	THCL	0.05	-	-	-	-	-	-	-	-	-	-	-
3.	TTDCL	2.80	-	-	0.01	-	0.01	-	-	-	-	-	-
Sector wise total		**2.85**	**-**	**-**	**0.01**	**0.02**	**0.03**	**-**	**-**	**-**	**-**	**-**	**-**
FINANCING													
4.	THHDCL	3.05	-	-	-	-	-	-	-	-	-	-	-
5.	TIDCL	0.78	-	-	-	-	-	-	-				
6.	TRPCL	-	-	-	3.05	0.42	3.47	-	-	-	-	-	-
Sector wise total		**3.83**	**-**	**-**	**3.05**	**0.42**	**3.47**	**-**	**-**	**-**	**-**	**-**	**-**
MANUFACTURE													
7.	TJML	8.60	-	-	-	-	-	-	-	-	-	-	-
8.	TSICL	2.85	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**11.45**	-	-	-	-	-	-	-	-	-	-	-
POWER													
9.	TSECL	-	30.50	-	25.00	-	25.00	-	-	-	-	-	-
Sector wise total		**-**	**30.50**	**-**	**25.00**	**-**	**25.00**	**-**	**-**	**-**	**-**	**-**	**-**
SERVICES													
10.	NEICL	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
MISCELLANEOUS													
11.	TNGCL	-	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**-**	**-**	-	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**
Total A (All sector wise working Government companies)		**18.13**	**30.50**	**-**	**28.06**	**0.44**	**28.50**	**-**	**-**	**-**	**-**	**-**	**-**

Appendix-5.3 (concld.)

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2009

(Reference: Paragraph 5.1.10)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
B. Working Statutory corporation													
SERVICE													
1.	TRTC	13.00	-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**13.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total B (All sector wise working Statutory corporation)		**13.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A + B)		**31.13**	**30.50**	**-**	**28.06**	**0.44**	**28.50**	**-**	**-**	**-**	**-**	**-**	**-**
C. Non working Government company													
FINANCING													
1.	TSBL		-	-	-	-	-	-	-	-	-	-	-
Sector wise total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total C (All sector wise non working Government company)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A + B + C)		**31.13**	**30.50**	**-**	**28.06**	**0.44**	**28.50**	**-**	**-**	**-**	**-**	**-**	**-**

@ Figures indicate total guarantees outstanding at the end of the year.
Information furnished by PSUs.

Appendix-5.4

Statement showing investments made by State Government in PSUs whose accounts are in arrears

(Reference: Paragraph 5.1.30)

(Rupees in crore)

Sl. No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investments made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Others*
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	5(e)
A.	WORKING GOVERNMENT COMPANIES							
1.	TFDPCL	2001-02	9.00	2002-03	0.20	-	-	1.40
				2003-04	-	-	1.19	0.83
				2004-05	-	-	-	-
				2005-06	-	-	-	1.23
				2006-07	-	-	-	0.53
				2007-08	-	-	0.11	0.45
				2008-09	-	-	-	-
2.	THCL	2003-04	1.43	2004-05	0.04	-	-	-
				2005-06	0.05	-	-	-
				2006-07	-	-	-	-
				2007-08	0.06	-	-	-
				2008-09	0.05	-	-	-
3.	TTDCL	2001-02	18.29	2002-03	1.50	-	-	-
				2003-04	1.71	-	-	-
				2004-05	1.71	-	-	-
				2005-06	1.71	-	-	-
				2006-07	2.21	-	-	-
				2007-08	2.16	-	0.25	-
				2008-09	2.85	-	-	-
4.	THHDCL	1993-94	2.95	1994-95	0.19	-	0.05	-
				1995-96	0.78	-	-	-
				1996-97	0.90	-	-	-
				1997-98	0.29	-	-	-
				1998-99	1.00	-	-	-
				1999-00	1.26	-	-	-
				2000-01	1.15	-	-	-
				2001-02	2.13	-	-	-
				2002-03	2.03	-	-	-
				2003-04	2.29	-	-	-
				2004-05	2.05	-	-	-
				2005-06	2.11	-	-	-
				2006-07	2.21	-	-	-
				2007-08	2.80	-	-	-
				2008-09	3.05	-	-	-
5.	TIDCL	2003-04	12.41	2004-05	0.51	-	-	-
				2005-06	0.51	-	-	-
				2006-07	0.38	-	-	-
				2007-08	0.81	-	-	-
				2008-09	0.78	-	-	-
6.	TRPCL	2006-07	4.58	2007-08	-	-	0.95	4.45
				2008-09	3.83	-	1.50	1.55
7.	TJML	2004-05	87.07	2005-06	8.20	-	-	-
				2006-07	8.85	-	-	-

Appendix-5.4 (concld.)

Statement showing investments made by State Government in PSUs whose accounts are in arrears

(Reference: Paragraph 5.1.30)

(Rupees in crore)

Sl. No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investments made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Others*
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	5(e)
				2007-08	8.35	-	-	-
				2008-09	8.60	-	-	-
8.	TSICL	1999-2000	11.37	2000-01	1.80	-	-	-
				2001-02	0.95	-	-	-
				2002-03	2.50	-	-	-
				2003-04	2.20	-	-	-
				2004-05	2.18	-	-	-
				2005-06	2.49	-	-	-
				2006-07	2.64	-	-	-
				2007-08	2.79	-	-	-
				2008-09	2.85	-	-	-
9.	TSECL	2005-06	9.55	2006-07	-	3.35	35.12	-
				2007-08	99.74	4.78	44.73	-
				2008-09	-	30.50	25.00	-
10.	NEICL	2000-01	0.21	2001-02	-	-	-	-
				2002-03	-	-	-	-
				2003-04	-	-	-	-
				2004-05	-	-	-	-
				2005-06	-	-	-	-
				2006-07	-	-	-	-
				2007-08	-	-	-	-
				2008-09	-	-	-	-
11.	TNGCL	2005-06	1.39	2006-07	-	-	-	-
				2007-08	-	-	-	-
				2008-09	-	-	-	-
Total (A): (Government Companies)			**158.25**		**199.45**	**38.63**	**108.90**	**10.44**
B.	**WORKING STATUTORY CORPORATION**							
1.	TRTC	2002-03	93.06	2003-04	9.24	-	-	-
				2004-05	8.80	-	-	-
				2005-06	9.30	-	-	-
				2006-07	10.50	-	-	-
				2007-08	11.10	-	-	-
				2008-09	13.00	-	-	-
Total (B): (Statutory Corporation)			**93.06**		**61.94**			
	Grand Total (A+B)		**251.31**		**261.39**	**38.63**	**108.90**	**10.44**

* Grants given by DRDA / Tribal Welfare Department for upliftment of tribal population.

Appendix– 5.5

Statement showing operational performance of Tripura Road Transport Corporation

(Reference: Paragraph No. 5.2.14)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Average number of buses held	101	98	95	99	93
Average number of buses on road	61	49	48	50	45
Percentage of utilisation of buses	60	50	50	50	48
Number of employees	790	758	720	700	679
Employee vehicle ratio (including trucks)	6.32	6.42	6.26	5.88	6.01
Number of routes operated at the end of the year	27	27	27	27	32
Route kilometres	3401	3335	2741	3054	Not Available
Kilometres operated by buses (in lakh) Gross	28.30	25.25	20.84	25.35	23.64
Effective	28.00	25.01	20.64	25.00	23.11
Dead	0.30	0.24	0.20	0.35	0.53
Percentage of dead kilometres to gross kilometres	1.06	0.95	0.96	1.38	2.24
Average kilometres covered per bus per day	125.76	139.84	117.81	136.61	140.70
Total revenue per kilometre (Rs.) **(both buses and trucks)**	13.70	16.11	21.14	17.78	27.00
Average expenditure per kilometre (Rs.) **(both buses and trucks)**	60.13	72.48	92.00	86.11	94.60
Loss per kilometre (Rs.)	46.43	56.37	70.86	68.33	67.60
Number of operating depots (for buses only)	2	2	2	2	2
Average number of breakdowns per lakh kilometres	13.4	13.5	17.0	11.0	Not Available
Average number of accidents per lakh kilometres	Nil	Negligible	Negligible	Nil	Negligible
Passenger kilometre operated (in crore)	8.38	8.20	5.99	8.30	Not Available
Occupancy ratio (Load Factor)	64	67	60	68	65
Kilometres obtained per litre of:					
Diesel Oil	3.60	3.62	3.63	3.50	3.50
Engine Oil	Not Available	Not Available	Not Available	Not Available	Not Available

Appendix-5.6
List of PSU-wise paras involving recovery of money
(Reference: Paragraph 5.5)

(Rupees in lakh)

Sl No	Name of the PSU/ Brief content of the para	Year of IR	Amount involved	Remarks
Tripura Small Industries Corporation Limited				
1.	Various advances given to officials were lying unadjusted till 1990-91. (Part II B / Para 10)	1992-95	84.41	No reply has been received from the Company (May 2009).
2.	Recovery for the sales of auto spare parts to various departments lying unrealised from 1993-94 onwards. (Part II B/Para 1 (b)	2000-01	1.88	The Company stated (December 2003) that out of Rs. 10.97 lakh, Rs. 9.09 lakh was realised against dues relating to the years 1993-94, 1999-2000 and 2000-01. Further develop-ment was awaited (May 2009).
3.	Non-realisation of sale proceeds from various departments/ organisation amounting to Rs. 4.75 lakh. (Part II B / Para 3)	2003-04	4.75	Managing Director in the Audit Committee meeting held on 20.04.05 assured that suitable action for recovery/ adjustment would be taken and result thereof intimated to audit. Further reply was awaited (May 2009).
4.	Unadjusted advance, shortage in stock of dust coal and excess consumption of gas. (Part II B / Para 4(a),(b) and(c))	2003-04	3.63	Managing Director in the Audit Committee meeting held on 20.04.05 assured that suitable action for recovery/ adjustment would be taken and result thereof intimated to audit. Further reply was awaited (May 2009).
5.	Non-adjustment of advances amounting to Rs. 1.00 lakh. (Part II B / Para 5)	2003-04	1.00	Managing Director in the Audit Committee meeting held on 20.04.05 assured that suitable action for recovery/ adjustment would be taken and result thereof intimated to audit. Further reply was awaited (May 2009).
6.	Non-adjustment of advance of Rs. 1.85 lakh paid to one official for modernization of Fruit Canning Factory. (Part II B / Para 6)	2003-04	1.85	Managing Director in the Audit Committee meeting held on 20.04.05 assured that suitable action for recovery/ adjustment would be taken and result thereof intimated to audit. Further reply was awaited (May 2009).
	Total		**97.52**[1]	
Tripura Forest Development Plantation Corporation Limited				
7.	Various advances given (Rs.21.21 lakh) were not adjusted / recovered. (Part II B/ Para 2.)	1993-94	9.82	The Company stated (November 1999) that out of Rs.21.21 lakh, Rs. 11.39 was adjusted. Further development was awaited (May 2009).

[1] The Company did not furnish replies to the paras even during audit for the period 2004-08, conducted in May 2008.

Appendix-5.6 (contd.)

List of PSU-wise paras involving recovery of money

(Reference: Paragraph 5.5)

(Rupees in lakh)

Sl No	Name of the PSU/ Brief content of the para	Year of IR	Amount involved	Remarks
8.	Unadjusted works advances given to various divisions. (Part II B / Para 4)	1995-96	10.71	The Company stated (November 1999) that out of total outstanding of Rs. 11.13 lakh, Rs. 0.42 lakh had been recovered. Further reply was awaited (May 2009).
9.	Unadjusted amount of advances distributed to 45 centres. (Part II B / Para 2)	1999-2000	12.03	The Company stated (May 2001) that most of the cases related to theft, dacoity, etc. and adjustment would be intimated to audit. Further development was awaited (May 2009).
	Total		**32.56**	
Tripura Tea Development Corporation Limited				
10.	Excess payment of electricity charges at commercial rate instead of industrial rate for the consumption of electricity at Durgabari Tea Estates. (Part II B/ Para 1.)	1994-95	**1.24**	The Company stated (July 2009) that the jurisdiction of the Electrical sub-division had changed thrice since this observation. In addition, consumer records/ billing system had been computerised since September 2005. Attempts by Tripura State Electricity Corporation Limited to trace out records had not succeeded.
Tripura Handloom and Handicrafts Development Corporation Limited				
11.	Insurance claims made for theft in different sales counters / godowns between February 1979 and February 1988 were not settled. (Part II B/Para 4).	1980-85	1.36	The Company/ Government stated (July/ September 2009) that all claims had now been settled.
12.	Non realisation of 70 *per cent* of share of expenditure incurred by the Company for participating in Textile Fair 1999 from the Association of Corporation and Apex Societies of Handloom, New Delhi. (Part II B/Para 3)	1998-99	1.64	The Government stated (September 2009) that the Company had been directed to again take up the matter with the Development Commissioner (Handloom) for sanction of the fund.
13.	Handloom and Handicrafts products sold on credit to various offices / organisations during 1987-2000 were not realised. (Part IIB/Para 3)	1999-2000	134.85	The Company/Government stated (July/ September 2009) that Rs. 128.35 lakh had already been realised.
14.	Executed internal decoration, erection of gate, etc. to different offices upto 1999-00, charges of which were pending. (Part II B/Para 5)	1999-2000	5.44	The Company/ Government stated (July/ September 2009) that bills had been raised and amount realized subsequently.
15.	Works advances given to various implementing officers of the Company during April 1999 to March 2001 were lying without adjustment. (Part II B / Para 3)	2000-01	11.72	The Government stated (September 2009) that the Company had been instructed to realise/ adjust the advances within October 2009.
16.	Travelling advances given to employees were lying without adjustment for long periods. (Part II B / Para 3)	2001-02	2.42	The Company/ Government stated (July/ September 2009) that necessary steps had been taken to recover traveLling advances from staff.

Appendix-5.6 (concld.)

List of PSU-wise paras involving recovery of money

(Reference: Paragraph 5.5)

(Rupees in lakh)

Sl No	Name of the PSU/ Brief content of the para	Year of IR	Amount involved	Remarks
17.	Advances given to officials /staff / other agents for implementation of different schemes/programmes up to 2003-04 were pending unadjusted. (Part II B / Para 3)	2002-04	44.47	The Government stated (September 2009) that the Company had been instructed to necessary steps to realise the unadjusted amounts.
	Total		**201.90**[2]	
Tripura Rehabilitation Plantation Corporation Limited				
18.	Works advances given during 2001-02 to 2002-03 to officers for plantation centres, lying unadjusted. (Part II B / Para 1)	4/2001 to 12/2003	**7.00**	No reply has been received from the Company (May 2009).
Tripura Jute Mills Limited				
19.	Non-recovery of sale proceeds for more than 5 years from DGS & D and other ten parties. (Part IIA/ Para 1)	2002-04	**36.46**	Even the initial reply has not been received (May 2009), despite repeated reminders
Tripura Road Transport Corporation				
20.	Non-realization of advances to staff lying unadjusted from June 1979. (Part II B/ Para 3)	1993-94	3.59	The Corporation stated (February 2007) that attempts were being made to realize the outstanding advances. Further development was awaited (May 2009).
21.	Non-recovery of claims from Tribal Welfare Department due to differences in hiring charges. (Part II B/ Para 4)	1993-94	1.95	The Corporation stated (February 2007) that steps were being taken to realize the outstanding dues. Further development was awaited (May 2009).
22.	Non-recovery of hiring charges from Government departments for use of buses and trucks. (Part II B/ Para 5)	1993-94	30.34	The Corporation stated (February 2007) that steps were being taken to realize the outstanding dues from the departments. Further development was awaited (May 2009).
23.	Amount recoverable from private parties for use of buses and trucks. (Part II B/ Para 1)	1994-98	6.38	The Corporation stated (February 2007) that action was being taken to realize the outstanding amount from different parties. Further development was awaited (May 2009).
Total			**42.26**[3]	
Grand Total			**418.94**	

[2] The Company did not furnish replies to these paras even during audit conducted in September 2008.

[3] The last audit was conducted during 2002. The reply was awaited (May 2009).

Appendix-5.7

List of paras involving deficiencies

(Reference: Paragraph 5.6)

(Rupees in lakh)

Sl No.	Name of the PSU/ Brief content of the para	Year of IR	Amount involved	Remarks
Tripura Small Industries Corporation Limited				
1.	Avoidable loss of lease rent of the Fruit Canning factory due to non-inclusion of 10,000 sq.ft. of open area and depreciation value on machine below the prescribed schedule of the Companies Act. (Part II A / Para 2)	2003-04	15.60	Managing Director stated in the Audit Committee meeting held on 20.04.05 that the agreement entered with the leaseholder would be examined and efforts would be made to collect additional rent from the leaseholder. Further reply was awaited (May 2009).
2.	Loss due to non-disposal of fruit juice. (Part II A / Para 5)	2003-04	2.98	Management stated in the Audit Committee meeting held on 20.04.05 that the stock could not be cleared within the shelf life of the juice and the unsold juice had to be destroyed. Further development was awaited (May 2009).
3.	Engagement of DRW/Contingent workers without prior approval of Finance Department and BOD. (Part II B / Para 1)	2003-04	23.92	Managing Director stated in the Audit Committee meeting held on 20.04.05 that the matter would be reviewed and intimated to audit shortly. No further reply has yet been received (May 2009).
4.	Damages of green bricks due to inadequate arrangements to prevent stagnate water. (Part II A / Para 4)	2003-04	21.06	Management stated in the Audit Committee meeting held on 20.04.05 that the losses were due to (1) excessive handling loss, (2) onset of sudden heavy rains and (3) lack of proper supervision in the management. Further development was awaited (May 2009).
Tripura Forest Development Plantation Corporation Limited				
5.	Non-inclusion of terms regarding deduction of Sales Tax in the agreement resulted in loss. (Part II A / Para 2)	1995-96	1.00	The Company stated (December 2001) that the matter had been referred to Government for final settlement. Further development was awaited (May 2009).
Tripura Tea Development Corporation Limited				
6.	Penal payment due to failure to deposit the P.F. contribution in time with Regional Provident Fund Authorities. (Part II A / Para 2)	2000-01	6.18	The Company stated (July 2009) that its request for exemption from payment of penal damages was not considered.

Appendix-5.7 (contd.)

List of paras involving deficiencies

(Reference: Paragraph 5.6)

(Rupees in lakh)

Sl No.	Name of the PSU/ Brief content of the para	Year of IR	Amount involved	Remarks
Tripura Handloom and Handicrafts Development Corporation Limited				
7.	Misappropriation of handloom and handicraft products stored at the office complex for clearance of old stock through public sale between February and March 1991. (Part II A / Para 1)	1994-95	3.05	The Company/ Government stated (July/ September 2009) that these products were not at all saleable. In January/ July 2009 the Company decided to dispose these items in the dumping station of Agartala Municipal Corporation.
8.	Damaged goods worth Rs.6.12 lakh accumulated during 1988-89 to 1999-2000 were waiting for disposal. (Part II B / Para 1)	1999-2000	6.12	The Company/ Government stated (July/ September 2009) that the Company had already disposed of the accumulated stock by allowing discount in April 1999 and April 2001.
9.	Under the Government of India's scheme for providing assistance to the handloom weavers, the Company received Rs. 45.20 lakh (Central share: Rs. 32. 60 lakh, State share: Rs. 12.60 lakh). The project was scheduled to be completed by 31st March 1995. The Company spent Rs. 33.77 lakh only up to 31.3.2000 and the balance amount is lying unutilized. (Part II B / Para 2)	1999-2000	9.43	The Company/ Government stated (July/ September 2009) that though the Company had failed to implement the project on schedule ie. March 2000, it had subsequently implemented the project and submitted the utilization certificate.
10.	Non-adjustment of advances received from other offices / organisations. (Part II B / Para 4)	1999-2000	24.65	The Company/ Government stated (July/ September 2009) that the entire amount was adjusted against final bills submitted on completion of supplies.
11.	In-charge of "Purbasha Centre", New Delhi spent the money for Trade Fair and repairing the Centre out of the cash sale of the Centre without obtaining prior permission / sanction from the competent authority during 2000-01. (Part II B / Para 1)	2000-01	5.47	The Company/ Government stated (July/ September 2009) that the said amount was placed to the Company for replenishment of fund.
Tripura Jute Mills Limited				
12.	Avoidable liabilities on Sales Tax payment for Rs. 33.96 lakh due to non-submission of valid documents. (Part II A / Para 3)	1994-95	33.96	The Company stated (November 2008) that it had collected all the related forms for availing the concessional rates and submitted the same to the Superintendent of Taxes for review. Further development was awaited (May 2009).

Appendix-5.7 (concld.)

List of paras involving deficiencies

(Reference: Paragraph 5.6)

(Rupees in lakh)

Sl No.	Name of the PSU/ Brief content of the para	Year of IR	Amount involved	Remarks
Tripura Natural Gas Company Limited				
13.	Non-completion of work resulted in materials remaining unutilised. (Part II A / Para 1)	1990-94	7.45	The Company originally stated (March 1995) that despite 300 pending applications for gas connections, the work was kept on hold till the Company's future was decided since it was apprehended that in the event a good private investor failed to materialise, the Company may be closed. The Company also stated (August 2009) that the observation was not relevant as on date.
14.	Failure to provide new connections to consumers resulted in loss of potential revenue. (Part II A / Para 1)	1994-96	9.42	The Company stated (January 1997) that the connections would be released from March 1997 after requisite planning following the anticipated approval of the Board of Directors in January 1997. The Company also stated (August 2009) that the observation was not relevant as on date.
Tripura Road Transport Corporation				
15.	Loss of Rs. 14.53 lakh on purchase of 10 nos. of body built buses. (Part II A / Para 1).	1993-94	13.78	The Corporation stated (February 2007) that M/s TELCO had paid Rs. 0.75 lakh as compensation for short supply of seats, and the management had examined all aspects and the delay was condoned. Further development was awaited (May 2009).
16.	Overpayment of Sales Tax to supplier of chassis. (Part II A / Para 6)	1994-98	2.70	The Corporation stated (February 2007) that the payment of Sales Tax was as per rates prevailing at that time. Further development was awaited (May 2009).

Glossary of abbreviations

Abbreviations	Expanded form
AAP	Annual Action Plan
AC	Abstract Contingent
ACA	Additional Central Assistance
AIA	Annual Irrigable Area
AIA	All India Average
AIBP	Accelerated Irrigation Benefit Programme
AMC	Agartala Medical College
APL	Above Poverty Line
AS	Accounting Standards
ASC	Academic Staff College
ASRTU	Association of State Road Transport Undertakings
AWS	Agartala Water Supply
BAC	Block Advisory Committee
BCR	Benefit Cost Ratio
BCSCL	Bir Chandra State Central Library
BDS	Bachelor of Dental Surgery
BOD	Board of Directors
BOT	Build Operate and Transfer
BPL	Below Poverty Line
BRAM	Bhim Rao Ambedkar Memorial
CA	Central Assistance
CAG	Comptroller & Auditor General of India
CBSE	Central Board of Secondary Education
CCA	Cultivable Command Area
CDA	Current Deposit Account
CE	Chief Engineer
CIFT	Central Institute of Fish Technology
CLA	Central Loan Assistance
COPU	Committee on Public Undertakings
CPWD	Central Public Works Department
CSS	Centrally Sponsored Scheme
CTRs	Central Treasury Rules
CWC	Central Water Commission
DCC	Detailed Countersigned Contingent
DDF	Deputy Director of Fisheries
DDO	Drawing and Disbursing Officer
DHE	Director of Higher Education
DHS	Director of Health Service
DIT	Director/ Directorate of Information Technology
DLA	Directorate of Local Audit
DPC	Departmental Promotion Committee
DPR	Detailed Project Report
DTW	Deep Tube Well
DU	Departmental Undertaking
EBS	Energy Billing System

Abbreviations	Expanded form
EC	Executive Committee
EE	Executive Engineer
ERM	Extension, Renovation and Modernisation
FA	Fishery Assistant
FD	Finance Department
FFAL	Fish Feed Analysis Laboratory
FFDA	Fish Farmers Development Agency
FHIC	Fish Health Investigation Centre
FIR	First Information Report
GAIS	Group Accident Insurance Scheme
GDP	Gross Domestic Product
GENET	Global Education Network
GER	Gross Enrolment Ratio
GFRs	General Financial Rules
GID	Government of India's Decision
GMIP	Gumti Medium Irrigation Project
GOI	Government of India
GPI	Gender Parity Index
GRF	Gumti Reservoir Fishery
GSDP	Gross State Domestic Product
HS	Higher Secondary
HUDCO	Housing and Urban Development Corporation
ICAR	Indian Council of Agricultural Research
ICD	Industries and Commerce Department
ICFAI	Institute of Chartered Financial Analysis of India
ICSE	The Council for the Indian School Certificate Examination
IDEA	Interactive Data Extraction and Analysis
IHSDP	Integrated Housing and Slum Development Programme
IO	Implementing Officer
IPD	In Patient Department
IR	Inspection Report
IT	Information Technology
KM	Kilometer
KMIP	Khowai Medium Irrigation Project
KMPL	Kilometer Per Litre
LAC	Land Acquisition Collector
LDC	Lower Division Clerk
LI	Lift Irrigation
MBBS	Bachelor of Medicine and Bachelor of Surgery *(Medicinae Baccalaureus Bachelor of Surgery)*
MCDR	Mineral Conservation and Development Rules
MCI	Medical Council of India
MD	Managing Director
MI	Minor Irrigation
MIP	Minor Irrigation Project
MIS	Minor Irrigation Schemes

Abbreviations	Expanded form
MIS	Management Information System
MoDONER	Ministry of Development of North Eastern Region
MoEF	Ministry of Environment and Forest
MoPNG	Ministry of Petroleum and Natural Gas
MOU	Memorandum of Undertaking
MSS	Matshya Samabaya Samity
MT	Metric Ton
NABARD	National Bank for Agricultural and Rural Development
NBCC	National Building Construction Corporation
NCA	National Committee of Archivists
NEC	North Eastern Council
NEICL	North Eastern Industrial Consultants Limited
NET	National Eligibility Test
NGO	Non-Government Organisation
NIC	National Informatics Centre
NICSI	National Informatics Centre Services inc.
NIT	National Institute of Technology
NLCPR	Non-Lapsable Central Pool of Resources
NOC	No Objection Certificate
NPCB	National Programme for Control of Blindness
NREGS	National Rural employment Guarantee Scheme
NRHM	National Rural Health Mission
NRSA	National Remote Sensing Agency
OBC	Other Backward Community
OEMs	Original Equipment Manufacturers
ONGCL	Oil and Natural Gas Corporation Limited
OPD	Out Patient Department
ORD Act	Oilfield Regulatory and Development Act
OTS	One Time Settlement
PAC	Public Accounts Committee
POL	Petrol, Oil and Lubricants
PPP	Public Private Partnership
PRTC	Permanent Resident of Tripura Certificate
PSC	Project Supervisory Committee
PSU	Public Sector Undertaking
PWD	Public Works Department
R&M	Repairs and Maintenance
RKVS	Rashtriya Krishi Vikas Yojana
RPP	Revised Perspective Plan
RR	Recruitment Rule
RRRLF	Raja Ram Mohan Roy Library Foundation
RTO	Regional Transport Office
SC	Scheduled Caste
SCS	Special Category State
SDM	Sub-Divisional Magistrate
SE	Superintending Engineer
SF	Superintendent of Fisheries

Abbreviations	Expanded form
SFC	Service Facilitation Centre
SHG	Self Help Group
SLCC	State Level Coordination Committee
SLET	State Level Eligibility Test
SRSWOR	Stratified Random Sampling without Replacement
ST	Scheduled Tribe
TAFCSL	Tripura Apex Fishery Co-operative Society Limited
TERC	Tripura Electricity Regulatory Commission
TFDPCL	Tripura Forest Development and Plantation Corporation Limited
TFTI	Tripura Fishery Training Institute
THCB	Tripura Housing and Construction Board
THCL	Tripura Horticulture Corporation Limited
THHDCL	Tripura Handloom and Handicrafts Development Corporation Limited
TIDCL	Tripura Industrial Development Corporation Limited
TJML	Tripura Jute Mills Limited
TLA	Tripura Legislative Assembly
TNGCL	Tripura Natural Gas Company Limited
TPSC	Tripura Public Service Commission
TRPCL	Tripura Rehabilitation Plantation Corporation Limited
TRTC	Tripura Road Transport Corporation
TSBL	Tripura State Bank Limited
TSECL	Tripura State Electricity Corporation Limited
TSICL	Tripura Small Industries Corporation Limited
TTDCL	Tripura Tea Development Corporation Limited
TVC	Tripura Vision Centre
UDC	Upper Division Clerk
UDD	Urban Development Department
UGC	University Grants Commission
UPS	Un-interrupted Power Supply
VAT	Value Added Tax
VRS	Voluntary Retirement Scheme
ZP	Zilla Parishad