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Report of the Comptroller and Auditor General of India on Social, Economic and Revenue Sectors

for the year 2016-17

GOVERNMENT OF TRIPURA

Report No. 1 of 2018

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PREFACE

1. This Report for the year ended March 2017 has been prepared for submission to the Governor of Tripura under Article 151 of the Constitution of India.
2. This Report contains significant results of the performance and compliance audit of the departments of the Government of Tripura under Social, Economic and Revenue Sectors including the departments of Education (School), Public Works (Roads & Buildings), Power, Industries & Commerce, Finance and Revenue Department.
3. The cases mentioned in this Report are those which came to notice in the course of test audit during the year 2016-17 as well as those which came to notice in earlier years but could not be dealt with in the previous Reports. Matters relating to the period subsequent to 2016-17 have also been included, wherever necessary.
4. The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

Executive Summary

This Audit Report has been prepared in five chapters. Chapters I to IV deal with Social, Economic, State Public Sector Undertakings and Revenue Sectors. Chapter V deals with Follow up of Audit observations.

This Report contains 22 Audit paragraphs including nine general paragraphs, four Performance Audits, Follow-up Audit of Forest Department and eight Compliance Audit Paragraphs. According to the existing arrangements, copies of the draft paragraphs and draft Performance Audits were sent to the Principal Secretary/Secretary of the departments concerned with a request to furnish replies within six weeks. However, in respect of seven Compliance Audit paragraphs included in the Report, replies were not received till the time of finalisation of the Report (February 2018). A synopsis of the important findings contained in the Report is presented below:

SOCIAL SECTOR

Performance Audits

Implementation of Right of Children to Free and Compulsory Education (RTE) Act, 2009

The Constitution (Eighty Sixth Amendment) Act, 2002 inserted Article 21A in the Constitution of India to provide free and compulsory education of all children in the age group of six to 14 years as a Fundamental Right. The Right of Children to Free and Compulsory Education (RTE) Act, 2009, represents consequential legislation envisaged under article 21A. This Act provides that every child has a right to full time elementary education of satisfactory and equitable quality in a formal neighbourhood school which satisfies certain essential norms and standards.

Article 21A and the RTE Act, 2009 came into effect on 1 April 2010. Sarva Shiksha Abhiyan (SSA) is the main programme for universalising elementary education. SSA is also the main vehicle for implementing the provision of the RTE Act, 2009. Its overall goals include universal access and retention, bridging of gender and social category gaps in education and enhancement of learning levels of children.

In terms of Section 38(1) of the RTE Act, 2009 the State has come out with its own set of rules named 'The Right of Children to Free and Compulsory Education Rules (Tripura)', 2011 which was notified in July 2011 and came into effect from August 2011. Sarva Shiksha Abhiyan (SSA) was being implemented in Tripura through a society named "Sarva Shiksha Abhiyan, Rajya Mission Tripura" from May 2004.

One of the major achievement of the State in implementation of RTE Act, 2009 had been improvement in retention rate of students in school and decline in dropout rate. However, lack of a comprehensive approach in its execution had resulted in many areas remaining unaddressed. As a result, issues of quality remained a major area of concern. The status of training of teachers was poor with only 15.86 *per cent* of its teachers at primary level and 17.29 *per cent* at upper primary level could be trained. Inadequate infrastructure in the schools had acted as a constraining factor in ensuring an atmosphere conducive for imparting education.

Due to improper planning and delay in implementation of the programme, huge amount of funds remained unspent at the end of every year.

Monitoring was poor. Review meetings of monitoring committee were inadequate at every level on implementation of RTE Act, 2009. Shortfall in SMC meetings at the school level were indicators of the lack of internal control even at the individual school level resulting in poor implementation or non implementation of provisions of the Act.

(Paragraph 1.3)

ECONOMIC SECTOR

Compliance Audit Paragraphs

Failure to complete the construction of an approach road resulted in a bridge built at a cost of ₹ 5.75 crore lying unused for more than 40 months.

(Paragraph 2.3)

Up-gradation of road within eight to ten months of its completion rendered the expenditure on the up-gradation work on the road amounting to ₹ 1.12 crore wasteful.

(Paragraph 2.4)

Excess payment of ₹ 39.72 lakh made to a contractor. Besides, execution of inferior quality of bituminous work resulted in wasteful expenditure of ₹ 63.85 lakh.

(Paragraph 2.5)

Construction work taken up in October 2013 under NLCPR on the approach road from NH-44 to Jirania Railway Station (Length-1.042 km) within a span of six months after completion of improvement work on the same road in April 2013 under SPA rendered the expenditure of ₹ 59.87 lakh incurred towards bituminous work as wasteful.

(Paragraph 2.6)

ECONOMIC SECTOR (STATE PUBLIC SECTOR UNDERTAKINGS)

Performance Audit

Operational performance of Tripura State Electricity Corporation Limited

The Tripura State Electricity Corporation Limited (Company) was incorporated in June 2004 as a wholly owned State PSU after restructuring of the power sector in line with the Electricity Act 2003.

The Government of Tripura (GoT) transferred (1 January 2005) operational control of all the assets and allied activities relating to Generation, Transmission and Distribution of power to the Company. With the intention to transfer the generation activities of the Company, the GoT formed (January 2015) another company, namely, Tripura Power Generation Limited (TPGL). The transfer of the generation activities of the Company to TPGL was, however, pending finalisation (September 2017).

As of February 2018, Company had finalized its accounts for the financial year upto 2014-15. For the purpose of present audit, the provisional figures for the years 2015-16 and 2016-17 as compiled by the Company have been considered. As per the Annual Accounts for the period from 2012-13 to 2016-17 (including provisional figures for the years 2015-17), the Company incurred losses in each of the above financial year and the accumulated loss of the Company as of March 2017 stood at ₹ 333.33 crore. The Performance Audit was taken up to assess the performance of the Company covering the period of five years from 2012-13 to 2016-17 with focus on economy, efficiency and effectiveness of its operations.

The Company failed to achieve various operational norms resulting in extra cost and loss of potential revenue. Monitoring and internal control system of the company was ineffective due to delays and insufficient Management Information System, inaction and lack of transparency. The infrastructure for ensuring satisfactory consumer service delivery remained partially operational and insufficient thereby affecting provision of mandated services.

(Paragraph 3.2)

Compliance Audit Paragraph

The Company extended undue favour to contractors by not recovering the interest of ₹ 51.74 lakh on delayed recovery of mobilisation advances.

(Paragraph 3.3)

REVENUE SECTOR

Performance Audits

Systems and procedures in force in the Taxes and Excise organisation regarding Excise duty

Taxes and Excise Organisation, functioning under the Finance Department, Government of Tripura, plays an important role in mobilisation of tax revenue of the State. Excise Duty is levied by the State Government under a constitutional provision (Entry 51 of the State List contained in the Seventh Schedule to the Constitution of India). This provision empowers a State Government to levy a duty of excise on all alcoholic liquors meant for human consumption. The functioning of the State Excise Organisation is governed by the provision of the Tripura Excise Act, 1987 and the Tripura Excise Rules, 1990 as amended from time to time and various administrative orders. Import, bottling, distribution and sale of liquor in the State are controlled through three licenced entities i.e., bottling units, bonded warehouses and the retail shops. Excise revenue is generated through imposition of duties and fees on import, bottling, storage and sale of liquor.

The performance audit revealed a number of systemic as well as procedural deficiencies in the organisation. Audit noticed non-adherence to standard norms of production by bottling units. The excise organisation issued fresh permits against the adjustment of import permit fee of lapsed permits. Audit also noticed absence of system of regular cross verification of NECs with the exporting States. There was no provision of interest or penalty for default in payment of Government dues. Enhanced import fee from Bonded Warehouses and Excise duty from retailers were not realised after revision of rates. Thus, the systems and procedures for regulating levy and collection were insufficient and ineffective.

There was no provision of interest or penalty for default in payment of Government revenue in the Excise Act and Rules unlike in the Motor Vehicle Act and Sales Tax Act. This not only resulted in failure to serve as deterrent for late payment of Government revenue but also caused loss to Government.

(Paragraph 4.2)

Border Area Development Programme

The Department of Border Management, Ministry of Home Affairs, Government of India (GoI), has been implementing the Border Area Development Programme (BADP), a Centrally Sponsored Scheme through the State Governments as part of a comprehensive approach to Border Management. BADP was started during the Seventh Five Year Plan (FYP) with the objective of balanced development of sensitive border areas in the Western Region through adequate provision of infrastructure facilities and promotion of a sense of security amongst the local population. The programme was revamped during the Eighth FYP (1992-97) and extended to States having an international border with Bangladesh.

The programme aims to meet the special development needs of the people living in remote and inaccessible areas situated near the international border. It also aims to saturate the border areas with the required essential infrastructure through convergence of Central/State/Local schemes and participatory approach.

The BADP has been in operation in Tripura, in the border blocks along the Indo-Bangladesh international border (856 Km) since 1993-94.

A participatory approach to planning, as was envisaged by the Scheme, was not followed. Baseline surveys were not conducted with the result that Annual Action Plans were prepared without the necessary inputs from the ground level in a systematic manner. Further, villages were selected arbitrarily without observing the Scheme Guideline that all the villages located within 0-10 km of the international border should be covered first. Thus, gaps in basic physical and social infrastructure in remote and inaccessible areas situated near the international border were not identified as was envisaged.

Consequently, the process of planning and implementation of the Scheme was characterised by random selection of projects and piece meal efforts to bridge the gaps. For instance, in violation of BADP Guidelines, no provision was made in the AAPs for convergence of schemes. Further, implementing agencies could not start 39 works in three selected districts till date of audit (April-June 2017) due to shortage of funds, non-finalisation of sites and delays in sanction of estimates. There was short release of ₹ 10.27 crore in 2014-15 by the GoI due to non-submission of UCs in the previous years. Therefore, the planning process was neither adequate nor was it carried out as per the Guidelines, with the result that effectiveness of the Scheme had been compromised.

Institutional system for monitoring was weak. System of inspection of the BADP works in each border block by assigning a block-wise high ranking Nodal Officer was not set up. Third party inspection for feedback on the quality of work was not done in West Tripura during 2012-17 and in Unakoti District and South Tripura District during 2014-17. Further, quality of 79 *per cent* of the works remained unverified with reference to technical estimates and designs. Measurement was not recorded in the MBs. Consequently, there were cases of suspected misappropriation and doubtful execution. Besides, assets were not maintained despite provision in the guidelines for availing 15 *per cent* of the allocation for maintenance of assets even though many assets were in dilapidated condition.

There were shortcomings in execution of projects. There was diversion of ₹ 3.00 crore towards 43 ineligible works/schemes and seven works were executed for the benefit of specific individuals. Further, 19 works of construction of markets, sinking of Mini Deep Tube Wells (MDTWs), overhead tank, old age home, community halls, primary maktab and home for palliative care for terminally ill cancer patient constructed during 2012-17 at a cost of ₹ 2.30 crore had not been handed over to the user departments. Therefore, inadequate and improper planning, lack of systematic implementation and weak monitoring mechanisms had resulted in inefficient and ineffective implementation of the Scheme and failure to meet the objectives of the Scheme.

(Paragraph 4.3)

Compliance Audit Paragraphs

Failure to raise demand by the Assessing Authority for tax payable by the dealer under TVAT Act, 2004 resulted in loss of revenue for ₹ 14.15 lakh.

(Paragraph 4.4)

The Assessing Authority failed to adhere to the order of the Revisional Authority while passing re-assessment order of a dealer, which resulted in short realisation of revenue of ₹ 21.32 lakh.

(Paragraph 4.5)

Concealment of turnover by the dealers resulted in short levy of tax of ₹ 49.33 lakh, non-levy of interest of ₹ 17.65 lakh and penalty of ₹ 0.68 lakh.

(Paragraph 4.6)

Follow-up Audit Report

Follow-up Audit of the Performance Audit on "Integrated Audit of the Forest Department" which featured in the Report of Comptroller and Auditor General of India for the year 2010-11 was taken up to assess and evaluate the Department's performance and improvements in programme management.

The Department continued to prepare plans without quantitative targets in terms of new plantations, survival rates and extent of forest cover. Implementation of audit recommendation was evident in Japan International Co-operation Agency (JICA) project while National Afforestation Programme (NAP) had made little effort to do the same. Unutilised amount remained with the Joint Forest Management Committees (JFMCs), Forest Development Agencies and District Management Units under NAP and JICA. Preparation/revision of micro plans and work plans by the JFMCs under NAP had not been completed in any of the JFMCs. Unauthorised use of forest land was not regularised. Monitoring of survival of plantations had not been done as required under departmental guidelines. Resource allocations continued to be not in proportion to the assigned areas of the forest divisions/sub divisions. The internal control mechanism continued to be weak.

(Paragraph 5.2)

CHAPTER I: SOCIAL SECTOR

CHAPTER I: SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2017 deals with the findings on audit of the State Government units under Social Sector.

The names of the State Government departments and the break-up of the total budget allocation and expenditure of the State Government under Social Sector during the year 2016-17 are given in **Table 1.1.1**.

Table: 1.1.1

(₹ in crore)

Name of the departments	Total budget allocation	Expenditure
Education (Higher) Department	194.84	145.29
Education (School) Department	921.11	812.30
Education (Social) Department	427.17	364.43
Elementary Education Department	801.80	669.86
Education (Sports and Youth Programme) Department	139.48	55.98
Food, Civil Supplies and Consumer Affairs Department	122.05	97.94
Family Welfare and Preventive Medicine	412.32	245.37
Health Department	326.77	280.54
Labour Organisation	10.19	8.14
Panchayati Raj Department	234.47	221.41
Public Works (Drinking Water and Sanitation) Department	289.82	253.17
Relief and Rehabilitation Department	30.51	24.66
Rural Development Department	569.89	321.39
Tribal Welfare (Research) Department	3.93	2.73
Kokborok and Other Minority Languages Department	0.38	0.40
Tribal Welfare Department	3,644.45	2,210.17
TRP and PVTG Department	16.86	15.77
Urban Development Department	442.10	390.92
Welfare for SC Department	1,432.03	881.08
Welfare of Minorities Department	111.70	57.25
Welfare of OBC	52.34	30.39
Total number of departments = 21	**10,184.21**	**7,089.19**

Source: Appropriation Accounts – 2016-17

Besides the above, the Central Government had transferred a sizeable amount of funds directly to the Implementing Agencies under the Social Sector to different agencies in the State during the year. The major transfers of funds (₹ 5 crore and above during 2016-17) to the State Implementing Agencies for implementation of flagship programmes of the Central Government are detailed in **Table 1.1.2**:

Table: 1.1.2: Funds transferred to State Implementing Agencies during 2016-17 (₹ 5 crore and above)

(₹in crore)

Name of the department	Name of the Scheme/Programme	Implementing Agency	Amount
Rural Development Department	Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) CS	Rural Development Department	660.14
Rural Development Department	MP's Local Area Development Scheme MPLADS	District Magistrate, West Tripura	10.00
Education (Sports and Youth Affairs) Department	North Eastern Council	Tripura Sports Council	5.00
Health and Family Welfare Department	National AIDS and STD Control Programme (NACO)	Tripura State AIDS Control Society	8.31
Panchayati Raj Department	Capacity Building: Panchayat Sashaktikaran Abhiyan	Panchayati Raj Training Institute, Tripura.	8.30
Total			**691.75**

Source: 'Public Financial Management System' portal in Controller General of Accounts' website

1.2 Planning and conduct of audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls, etc.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the heads of the departments. The departments are requested to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of those IRs are processed for inclusion in the Audit Reports, which are submitted to the Governor of Tripura under Article 151 of the Constitution of India for being laid in the State Legislature.

The audits conducted during 2016-17 involved test check of an expenditure of ₹ 3,436.11 crore (including expenditure pertaining to previous years audited during the year) of the State Government under Social Sector. This Chapter contains one Performance Audit on "Implementation of Right of Children to Free and Compulsory Education (RTE) Act, 2009" relating to Education (School) Department.

EDUCATION (SCHOOL) DEPARTMENT

1.3 Implementation of Right of Children to Free and Compulsory Education (RTE) Act, 2009

The Constitution (Eighty Sixth Amendment) Act, 2002 inserted Article 21A in the Constitution of India to provide free and compulsory education of all children in the age group of six to 14 years as a Fundamental Right. The Right of Children to Free and Compulsory Education (RTE) Act, 2009, represents consequential legislation envisaged under Article 21A. This Act provides that every child has a right to full time elementary (primary/upper primary) education of satisfactory and equitable quality in a formal neighbourhood school which satisfies certain essential norms and standards.

Article 21A and the RTE Act, 2009 came into effect on 1st April 2010. Sarva Shiksha Abhiyan (SSA) is the main programme for universalising elementary education. SSA is also the main vehicle for implementing the provision of the RTE Act.

In terms of Section 38(1) of the RTE Act, 2009, the State has come out with its own set of rules named "The Right of Children to Free and Compulsory Education Rules (Tripura)" 2011 which was notified in July 2011 and came into effect from August 2011. Sarva Shiksha Abhiyan (SSA) was being implemented in Tripura through a society named "Sarva Shiksha Abhiyan, Rajya Mission Tripura" from May 2004.

Highlights

Provision of RTE Act, 2009 for admission of 25 *per cent* of students from weaker and disadvantaged groups in the neighbourhood of private unaided schools was not implemented in the State.

{Paragraph 1.3.7.3(iii)}

Status of compulsory teacher's training in the State was dismal. The percentage of untrained primary and upper primary teachers were 84.14 and 82.71 respectively as of March 2017. In-service teachers' training target was not achieved in 11 URCs/BRCs in three districts covered in this PA and the training funds remained unspent.

{Paragraphs 1.3.7.4 (ii) &1.3.7.4 (iii)}

Annual Work Plan & Budget and Receipts & Expenditure Account were not prepared by the School Management Committees in 90 schools covered under this PA. There was retention of unspent balances at the end of every year ranging from ₹ 41.73 crore to ₹ 66.33 crore.

(Paragraphs 1.3.7.1&1.3.8.2)

Adequate classrooms were not available in 43 out of 90 schools (47.78 *per cent*) covered under this PA. As a result, students of different classes were forced to share classrooms.

{Paragraph 1.3.7.3 (ii)}

Monitoring of implementation of RTE Act, 2009 was inadequate and there was shortfall in number of SMC meetings held during 2012-13 to 2016-17.

(Paragraphs 1.3.9.1&1.3.9.3)

1.3.1 Introduction

The Constitution (Eighty Sixth Amendment) Act 2002 inserted Article 21A in the Constitution of India to provide free and compulsory education of all children in the age group of six to fourteen years as a Fundamental Right. The Right of Children to Free and Compulsory Education (RTE) Act, 2009 represents consequential legislation envisaged under Article 21A.This Act provides that every child has a right to full time primary/upper primary education of satisfactory and equitable quality in a formal neighbourhood school which satisfies certain essential norms and standards.

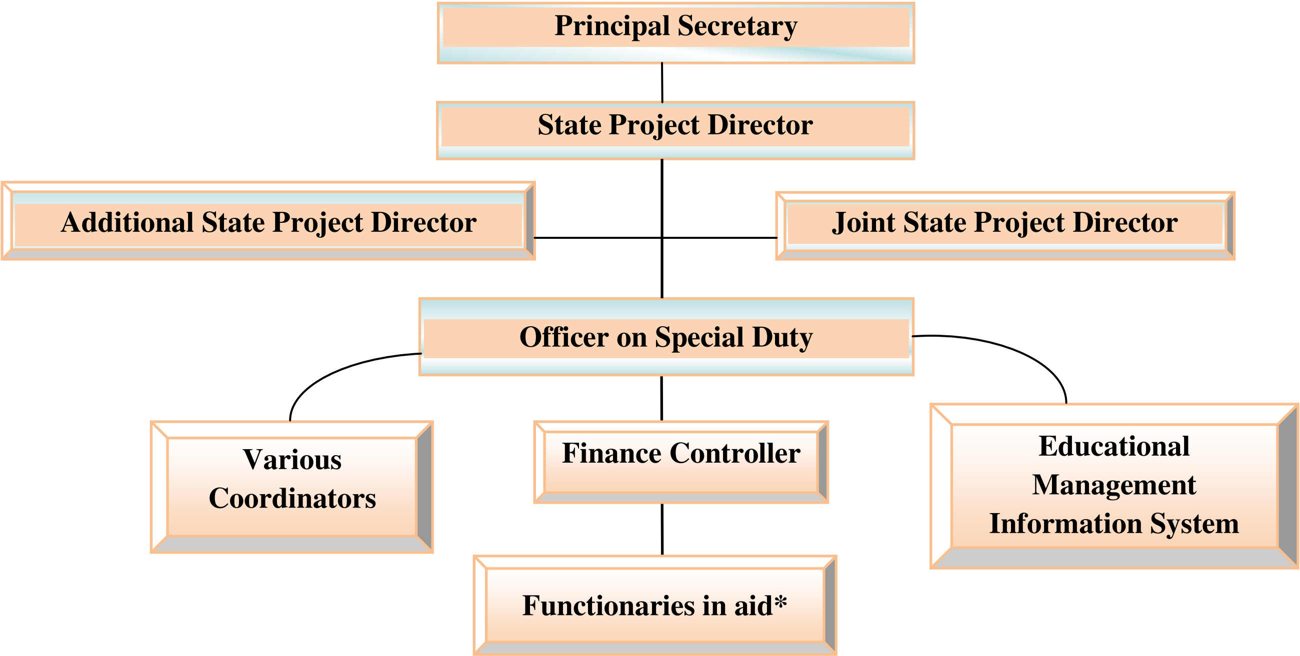
Article 21A and the RTE Act, 2009 came into effect on 1st April 2010. Sarva Shiksha Abhiyan (SSA) is the main programme for universalising primary/upper education. SSA is also the main vehicle for implementing the provision of the RTE Act, 2009. Its overall goals include universal access and retention, bridging of gender and social category gaps in education and enhancement of learning levels of children.

The RTE Act, 2009 became operational with effect from 1st April 2010 in Tripura as a part of the countrywide programme. In terms of Section 38(1) of the RTE Act, 2009, the State has come out with its own set of rules named "The Right of Children to Free and Compulsory Education Rules (Tripura) 2011" which was notified in July 2011 and came into effect from August 2011. Sarva Shiksha Abhiyan (SSA) was being implemented in Tripura through a society named "Sarva Shiksha Abhiyan, Rajya Mission Tripura" from May 2004.

1.3.2 Organisational set up

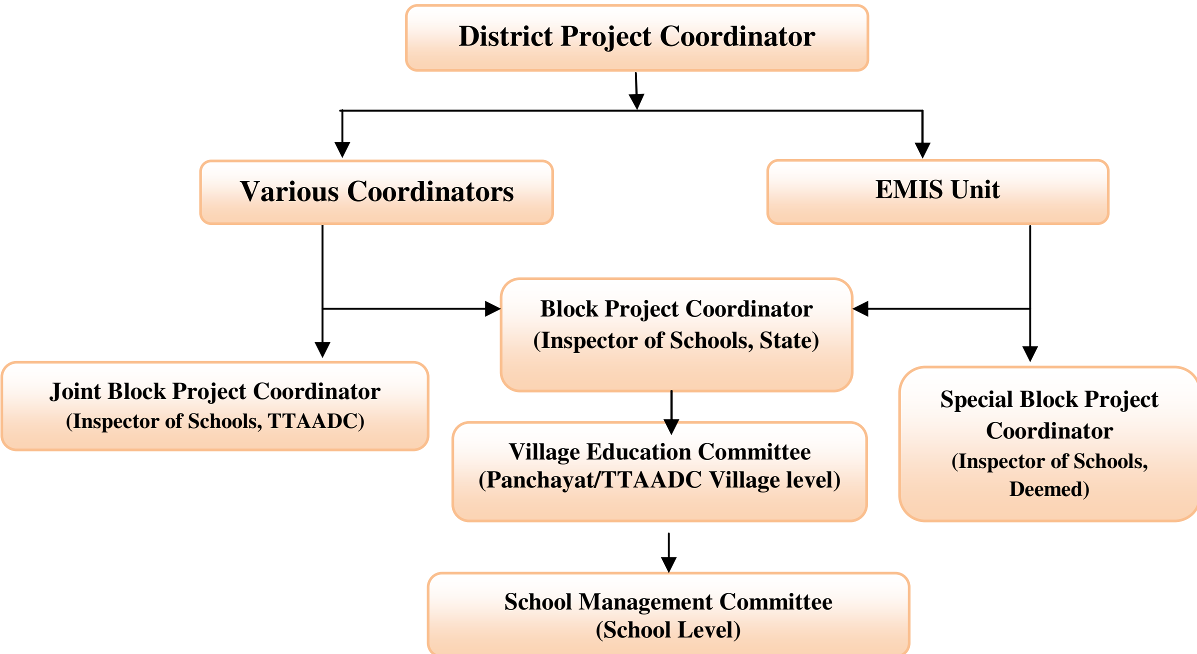
Organisational set up of SSA-RTE Act, 2009, as provided by the Education (School) Department, Government of Tripura was as under:

Organisational Set-up



*Accounts Officer, Accountant, Auditor and other officials

District & Block Levels



1.3.3 Scope of Audit

The PA was conducted between April and July 2017 for the period 2012-13 to 2016-17. The PA was conducted through a test check of records of Director of Elementary Education (School), State Project Director (SPD), SSA, State Council of Educational Research and Training (SCERT), State Commission for Protection of

Children Rights, three District[1] Project Coordinators (out of eight District Project Coordinators in the State) and 12 (twelve) Blocks having 17 Block Project Coordinators/Joint Block Project Coordinators [2] and one Urban Block Project Coordinator* (three rural and one urban block from each selected district) under the three selected districts. 90 schools (Primary: 43, Upper Primary: 47) from the 12 selected blocks were selected by applying Simple Random Sampling Without Replacement (SRSWOR) method. In addition, 11 Block Resource Centre (BRCs) and one Urban Resource Centre (URCs)[3] and four District Institutes of Education and Training (DIET)[4] were covered in this PA. Information was also collected from 90 (ninety) schools (Primary: 43, Upper Primary: 47) through questionnaires to verify the implementation of RTE Act, 2009 on ground. Besides, six schools of capital city (Agartala) were visited during this PA. Details of selected units covered under this PA is given in **Appendix 1.3.1**.

1.3.4 Audit Objectives

The objectives of the PA were to ascertain whether:

a. the State achieved the target of universalisation of Elementary Education for all children between the ages of 6-14 years within 3 years *i.e.* by 31st March 2013;

b. that funds allocated were being utilised in an economic and efficient manner; and,

c. the Act was being implemented and monitored in a planned manner.

1.3.5 Audit Criteria

The following sources of audit criteria were adopted for the PA;

a. The Right to Free and Compulsory Education (RTE) Act, 2009;

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1 Dhalai, West Tripura and South Tripura

2

Sl No	District Project Co-ordinator	Blocks	BPC/JBPC
1	Dhalai	Ambassa	BPC Ambassa MC
			BPC, Ambassa (TTAADC)
		Dumburnagar	BPC, Dumburnagar State
			JBPC, Dumburnagar (TTAADC)
		Ganganagar	BPC, Ganganagar (TTAADC)
		Salema	BPC, Kamalpur Salema
2	West Tripura	Agartala	BPC, AMC, Agartala*
		Old Agartala	BPC, Old Agartala (Jirnaia)
		Mandai	BPC, Jirania (Mandwai)
			Joint BPC (TTAADC), Khumulwng
		Lefunga	BPC, Mohanpur (Legunga)
			Joint BPC(TTAADC), Watloktwithu,
3	South Tripura	Belonia	BPC, Belonia MC
		Bagafa	BPC, Bokafa (State)
			Joint BPC, Bokafa (TTAADC)
		Rajnagar	BPC, Rajnagar
		Rupaichari	BPC, Rupaichari (State)
			Joint BPC, Rupaichari (TTAADC)

3 BRC: Ambassa, Salema, Dumburnagar, Old Agartala, Mandwai, Mohanpur, Rajnagar, Bokafa and Rupaichari; URC: Agartala Municipal Council and Belonia

4 DIET: West Tripura, Kamalpur, Kailashahar and Kakraban

b. The Right to Free and Compulsory Education Rules (Tripura) 2011;

c. SSA Framework for implementation of the Right to Education Act, 2009 issued by the Ministry of Human Resource Development (MHRD), Government of India;

d. Various orders, notifications, circulars, instructions issued by Ministry of Human Resource Development (MHRD)/State Government/SSA, Rajya Mission, Tripura;

e. Annual Work Plans and Budgets approved by the Project Approval Board (PAB), MHRD, Government of India;

f. Delegation of Financial Power Rules, Government of Tripura (DFPRT)/General Financial Rules;

g. District Information System for Education(DISE) data;

h. National Council for Teachers Education guidelines issued from time to time.

1.3.6 Audit Approach and Methodology

The PA commenced with an Entry Conference (12 May 2017) with the Principal Secretary to the Government of Tripura, Education (School) Department wherein the audit objectives, criteria and scope of audit were discussed. This was followed by collection of relevant information through replies to audit queries/memos, questionnaires, scrutiny of records and Unified District Information System for Education (U-DISE)[5] data. Audit conclusions were drawn after scrutiny of original records, analysis of the available data and responses to questionnaires and audit memoranda.

Audit findings were discussed with the Principal Secretary to the Government of Tripura, Education (School) Department in an Exit Conference held on 13 November 2017. The views of the Department have been suitably incorporated in the PA.

Audit Findings

1.3.7 Planning and Implementation

1.3.7.1 Annual Work Plan and Budget

Under the RTE Act, 2009, the State should prepare an Annual Work Plan & Budget (AWP&B) based on information maintained at school level and aggregated at the Block, District and State level. As per Para 9.2.1 of SSA Framework for Implementation, it is necessary that there is documentation of the process of plan preparation to ensure that these have been prepared at the school level involving a

[5] U-DISE stands for Unified District Information System for Education developed by National University of Education Planning and Administration (NUEPA) for collecting information on particulars of schools, infrastructure, teachers, enrolment and examination results from all recognised and unrecognised schools imparting formal education from Class –I to XII. U-DISE has the school as the unit of data collection and district as the unit of data dissemination. It is implemented in all the districts of the country.

participatory planning process. Section 22(1) of the RTE Act, 2009 provides that every School Management Committee (SMC), constituted under sub-section 1 of section 21, shall prepare a School Development Plan, in such manner as may be prescribed. The School Development Plan shall be the basis for the plans and grants to be made by the appropriate Government or the local authorities, as the case may be.

Scrutiny of AWP&B documents revealed that the Annual Plans were not based on grass root data (i.e. data compiled at school level), rather it was prepared for the State as a whole starting from Block and District levels. Scrutiny of information furnished by the 90 schools covered under this PA also revealed that School Development Plan was not prepared by the SMCs of those schools.

Despite getting funds to the extent of ₹ 938.66 crore during 2012-17, there was absence of participatory planning process as was envisaged. Hence, there was little assurance that AWP&Bs presented actual requirement of funds. Consequently, despite the fact that the PAB had sanctioned less than what the State had proposed, the State could not spend the amount approved by the PAB. Therefore, the percentage of unspent balance that remained against the approved outlays during the period covered by Audit ranged between 2.86 and 16.02 *per cent*. Also, the percentage of savings against funds released ranged between 3.30 and 21.79 *per cent*. The position of savings against approved PAB and total fund released are shown in **Table 1.3.1**.

Table 1.3.1: Percentage of savings against approved PAB and total fund released

(₹ in crore)

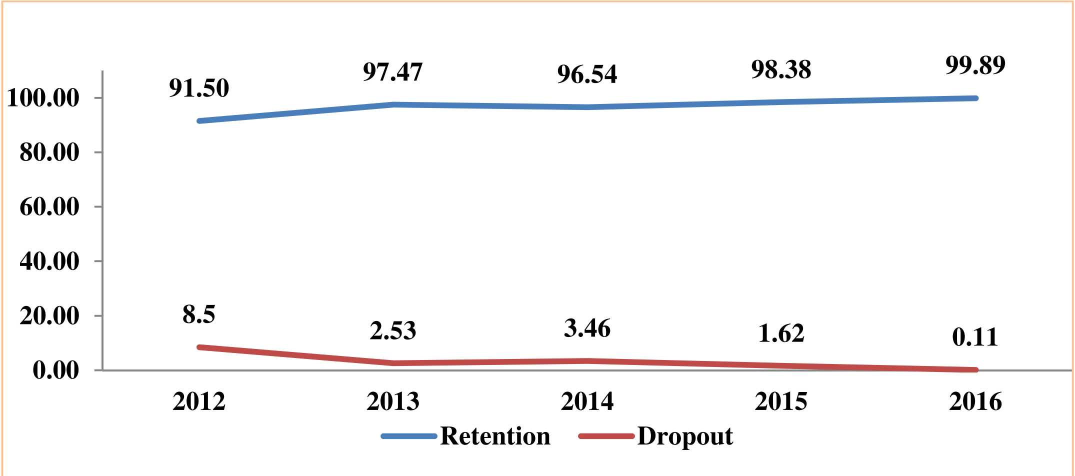
Year	Budget Proposal sent to MHRD	GoI Budget (PAB approved)	Total Funds Released	Closing Balance	Percentage of savings against PAB approved budget (Col 2)	Percentage of savings against funds released
1	2	3	4	5	6 (=5 x 100÷3)	7 (=5 x 100÷4)
2012-13	338.83	241.24	137.82	14.51	6.01	10.53
2013-14	315.31	201.34	174.12	5.75	2.86	3.30
2014-15	397.02	229.85	222.3	14.78	6.43	6.65
2015-16	421.73	256.58	188.93	25.03	9.76	13.25
2016-17	524.69	293.03	215.49	46.95	16.02	21.79

The Department stated (November 2017) that appropriate action would be taken for formulation of school level AWP&B with active participation of School Management Committee (SMC) and local authorities members. The Department also stated that funds remained unspent due to delay in release of Central share and long time taken for completion of construction works.

1.3.7.1 (i) Retention and Dropout Rate in the State

Retention of children is the top most focus and priority area of SSA to achieve the ultimate goal of Universalisation of Elementary Education (UEE). Retention rate is inversely proportional to dropout rate.

Graph 1.3.1: Retention and Dropout Rate of Children under Primary/Upper Primary Education *(in per cent)*



Source: SSA, Rajya Mission Tripura

Audit noticed that the retention rate of children between six and 14 years ranged from 91.50 to 99.89 *per cent* and the dropout rate ranged from 0.11 to 8.50 *per cent* in the State during 2012 to 2016 as shown in **Graph 1.3.1.** Barring 2014, the retention rate had showed an increasing trend over the period. Consequently, the dropout rate had fallen from 8.5 *per cent* in 2012 to 0.11 *per cent* in 2016 which was appreciable.

1.3.7.1(ii) Out of School Children in the State

Section 3(1) of the RTE Act, 2009 stipulates that every child in the age group of six to 14 years shall have a right to free and compulsory primary/upper primary education in a neighbourhood school. Para 3.12.1 of SSA Framework for Implementation also envisages that every child with special needs, irrespective of the kind, category and degree of disability, is provided quality inclusive education.

Scrutiny of SSA Tripura, Annual Reports revealed that during 2012 to 2016, the Department had conducted block level house-hold survey throughout the State every year to identify the number of Out-Of-School Children (OOSC)[6] with base date as June and identified 5,162 OOSCs out of total 25,77,426 number of children in the State in the age group of six to 14. Out of 5,162 OOSCs identified by the Department, 4,408 children were enrolled through a special enrolment drive programme, '*Vidalaya Cholo Abhiyan*'. It can be seen that, over the years the number of OOSC had declined from 1,489 in 2012 to 601 in 2016. The number of OOSC identified but not enrolled had decreased from 233 in 2013 to 148 in 2016 in absolute terms though the percentage of OOSC not enrolled had increased from 16.93 *per cent* in 2013 to 24.63 *per cent* in 2016. The details of OOSCs not enrolled are shown in **Table 1.3.2**.

[6] Never enrolled and dropped out

Table 1.3.2: Details of not enrolled Out-Of-School Children

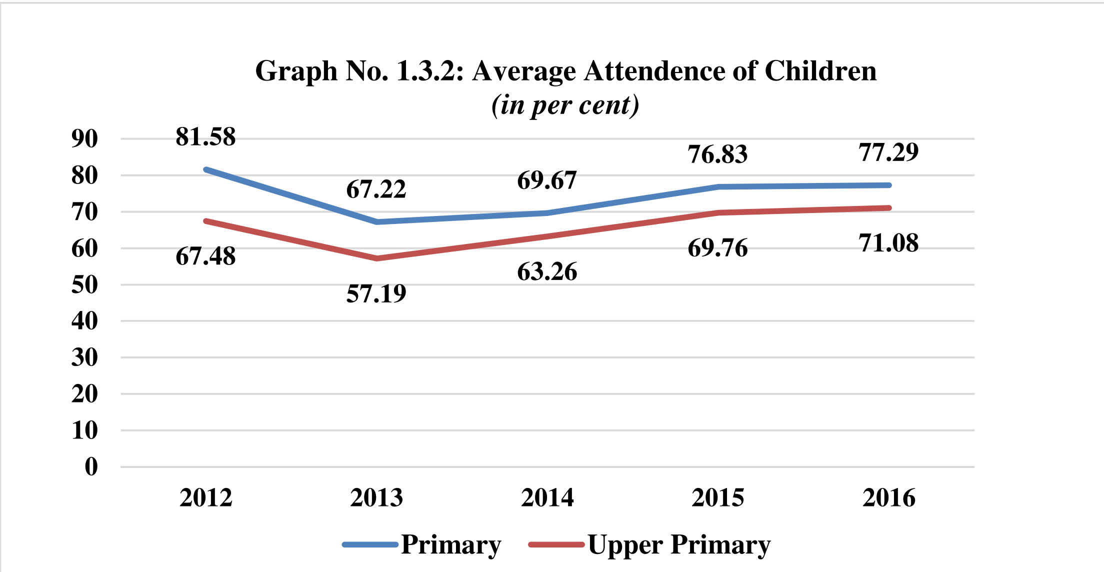
Year	No. of children who attained the age of enrolment	Number of OOSC identified	Number of OOSC enrolled	Number of OSSC not enrolled	Percentage of OOSC not enrolled
2012	5,38,076	1,489	1,449	40	2.69
2013	5,11,846	1,376	1,143	233	16.93
2014	4,98,053	957	775	182	19.02
2015	4,79,221	739	588	151	20.43
2016	5,50,230	601	453	148	24.63
Total	**25,77,426**	**5,162**	**4,408**		

Despite the fact that the number of OOSC had declined from 233 in 2013 to 148 in 2016, the State had failed to ensure the right of every child in the age group of six to 14 years for free and compulsory primary/upper primary education even to the identified OOSC in a neighbourhood school as envisaged in the RTE Act, 2009.

1.3.7.2 Attendance of children

According to Section 8(f) of RTE Act, 2009' the Government shall ensure and monitor admission, attendance and completion of primary/upper education by every child.

Analysis of information furnished by the SSA Rajya Mission, Tripura revealed that the average attendance[7] of children in the State as a whole at the Primary level had declined from 81.58 *per cent* in 2012 to 67.22 *per cent* in 2013 and thereafter had steadily increased to 77.29 *per cent* in 2016. Similarly, for Upper-Primary level the average attendance had also declined from 67.48 *per cent* in 2012 to 57.19 *per cent* in 2013 and thereafter had steadily increased to 71.08 *per cent* in 2016. Year-wise position of average attendance of Primary and Upper-Primary level children in school is shown in **Graph 1.3.2.**



Source: SSA Rajya Mission

[7] Average Attendance: Total attendance of children during a year X 100/Total number of working days X Total number of student enrolment in a year.

1.3.7.3 Implementation

1.3.7.3 (i) Twenty-seven private unaided schools functioning without recognition

Section 18(1) of RTE Act, 2009 stipulates that no school, other than those established, owned or controlled by the Government or the local authority, shall after the commencement of the Act be established or function without obtaining a certificate or recognition from such authority in such form and manner, as may be prescribed. Failure to obtain the recognition may attract penalty under Section 18(5)[8]. Section 19 of the Act further stipulated that no recognition would be granted unless the schools fulfil norms and conditions stated in the Schedule[9] of the RTE Act, 2009.

Analysis of State level U-DISE[10] data maintained by SSA Rajya Mission, Tripura and information furnished by the eight District Project Coordinators showed that as of September 2017, there were 27 schools functioning in the State without obtaining Government recognition as required under the RTE Act, 2009. Out of these 27 schools, 12 were established before 2009 while 15 were established after 2009. The State Government neither imposed any fine under Section 18 (5) of the Act nor took any punitive action against those schools.

During Exit Conference, the Principal Secretary stated (November 2017) that steps would be taken to collect the latest position of the un-recognised private un-aided schools and action would be taken accordingly.

1.3.7.3 (ii) Sharing of classrooms by two or more classes

Section 19 and the Schedule of the RTE Act, 2009 specify infrastructure norms and standards for each school, such as all-weather building, consisting of at least one class room for every teacher to ensure adequate infrastructure facilities. Further, as per timeline fixed in SSA Framework for implementation, the facility was to be provided in every school by 31 March 2013.

Analysis of U-DISE data maintained by SSA Rajya Mission, Tripura for the year 2016-17 revealed that, there were 4,402 primary/upper primary schools in the State, of which 66 schools were running with only one classroom although these schools had classes from Class – I to Class – VIII. Thus, students were forced to share classrooms.

In the three districts covered under this PA, out of 2,073 primary/upper primary schools, 54[11] schools were running with only one classroom in each school due to

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[8] Section 18 (5) of the RTE Act, 2009: Any person who establishes or runs a school without obtaining certificate of recognition, or continues to run a school after withdrawal of recognition, shall be liable to fine which may extend to one lakh rupees and in case of continuing contraventions, to a fine of ten thousand rupees for each day during which such contravention continues

[9] Schedule pertaining to the norms and standards for a school under Section 19 & 25 of RTE Act, 2009.

[10] U-DISE stands for Unified District Information System for Education

[11] Dhalai: 39 and South Tripura: 15

shortage of classrooms in the school during 2016-17. The details are shown in **Table 1.3.3.**

Table 1.3.3

District	Total number of primary/upper primary schools in the district	No. of primary/upper primary schools with one classroom
West Tripura	604	0
South Tripura	638	15
Dhalai	831	39
Total	**2,073**	**54**

Source: U-DISE data

Further, examination of the information furnished by the 90 primary/upper primary schools from the nine rural blocks and three urban blocks covered by this PA of the above three districts revealed that during 2012 to 2016, the number of schools with shared classrooms during those years are given in **Table 1.3.4.**

Table 1.3.4

Academic Year	Urban Blocks		Rural Blocks		Total No. of schools sharing classroom	Percentage of schools sharing classroom
	Total Number of schools	No. of schools sharing classroom	Total Number of schools	No. of schools sharing classroom		
2012	18	0	72	37	37	42.05
2013	18	0	72	38	38	42.22
2014	18	1	72	38	39	43.33
2015	18	1	72	40	41	45.56
2016	18	2	72	41	43	47.78

It can be seen from the **Table 1.3.4** that the number of schools where students shared classrooms were on increasing trend during 2012-16 which ranged between 42.05 *per cent* in 2012 and 47.78 *per cent* in 2016.

Further, during visit by Audit to six schools in Agartala, West Tripura, it was seen that there was shortage of classrooms in respect of two schools. In Bhagat Singh Hindi (English Medium) School, Agartala under West Tripura, more than 75 students from two sections were attending classes in a single room as shown in **Photographs 1.3.1** and **1.3.2**. In the second case, Netaji Subhash Vidyaniketan, Agartala, a Government aided school, had been experiencing shortage of classrooms since 2016. As a result, two sections of class VI, VII and VIII in the school remained weekly off on alternative rotation basis to accommodate students.

Photographs 1.3.1 and 1.3.2: Classes of multiple sections were being held in the same classroom of Bhagat Singh Hindi (English Medium) High School (Primary Section), Agartala, West Tripura

Thus, inadequate infrastructure was a constraining factor in providing quality education to the individual students as aimed under the RTE Act, 2009.

While admitting the fact, the Department stated (November 2017) that the State Government would propose for sanction of funds in the next AWP&B (2018-19) to make up the gap of additional classrooms.

1.3.7.3 (iii) Non-extension of benefits to the children of weaker sections

Section 12 of the RTE Act, 2009 provides that private un-aided schools shall ensure the admission of minimum 25 *per cent* of students from the weaker sections and disadvantaged groups. Re-imbursement of expenditure for free education to the private unaided schools shall be made by the State Government.

It was seen that implementation of RTE Act, 2009 was notified in December 2010. The State Government however notified reimbursement only in January 2017, after a delay of over six years. It was notified that maximum reimbursement cost per child per annum would be ₹ 21,138/- to the private unaided schools admitting children belonging to Weaker Sections and Disadvantaged Groups. The Department had not ensured the benefit of reimbursement of cost per child in private unaided schools belonging to weaker sections of society as the State had failed to notify the same on time. Thus, the children belonging to the Weaker Sections and Disadvantaged Groups were deprived of the benefit of free education in unaided private schools as envisaged under the Act.

1.3.7.3 (iv) Vacancies of teachers

Section 26 of RTE Act, 2009 provided that the appointing authority, in relation to a schools established, owned, controlled or substantially financed by funds directly or indirectly by the appropriate Government or by a local authority, shall ensure that vacancy of teachers in a school under its control shall not exceed 10 *per cent* of the total sanctioned strength.

Analysis of data furnished by SSA, Rajya Mission, Tripura showed that as on 31st March 2017, at the State level the vacancy in primary teachers post was 890 (4.24 *per* *cent*) against sanctioned strength of 21,004 and that of upper primary teachers post was 1,054 (8.86 *per cent*) against sanctioned strength of 11,890 which was within the 10 *per cent* vacancy as stipulated under Section 26 of RTE Act, 2009.

However, the sanctioned strength position of primary and upper primary level teachers at the districts level was not available with the SSA, Rajya Mission, Tripura. As such, audit could not analyse the district-wise vacancy position of primary and upper primary teachers.

Test check of 90 schools covered under this PA revealed that as of March 2017, the shortage of teachers in primary/upper primary schools in seven schools, out of 90 schools ranged between 16.67 *per cent* and 57.14 *per cent* which was above the permissible limit of 10 *per cent*.

While admitting the fact, the Department stated (November 2017) that the State Government had started recruitment of teachers in 2015 through Teacher Eligibility Test (TET) conducted by Teachers' Recruitment Board of Tripura. But the number of candidates eligible for TET was very small compared to the number of vacancies. Efforts were on for recruitment against the existing vacancies through TET.

1.3.7.4 Quality of Education

1.3.7.4 (i) Non-availability of Mathematics Teachers

The 'Norms and Standards for a School' as laid down in the Schedule under Section 19 and 25 of the RTE Act 2009 provides that there should be at least one teacher per class for Mathematics, amongst other subjects in the upper primary school.

But, it was noticed in audit that there was no Mathematics teacher in 19 schools (40.43 *per cent*) out of 47 upper primary schools[12] during 2012-13 to 2016-17.

Thus, due to non-availability of teacher for Mathematics, the aim of providing a sound mathematical base to the students was frustrated.

1.3.7.4 (ii) Inadequate training infrastructure for in-service teachers led to 25,885 number of primary/upper primary teachers remaining untrained

Para 1.5 of SSA Framework for Implementation stipulates timeframe for training of untrained primary/upper primary education[13] teachers and prescribes to be completed by 31st March 2015. The Department was in no position to meet this timeline due to factors as brought out below.

The position of trained and untrained teachers[14] under primary/upper primary education as on 31st March 2017 in the State level, in the three districts and 90 schools covered under this PA is given in **Table 1.3.5**.

[12] Out of the 90 primary/upper primary schools covered under this PA, 47 are upper primary schools.

[13] Elementary Education comprise of Primary (Class I-V) and Upper Primary (Class VI-VIII).

[14] NCTE vide Notification dated 29 July 2011 prescribed certain educational qualifications for a teacher to be considered as trained. The teachers who have not acquired the prescribed qualifications were treated as untrained.

Table 1.3.5: Position of trained and untrained teachers

Level	Sanctioned strength	Persons-in-position	Number of trained teachers	Number of untrained teachers	*Percentage of untrained teachers*
Primary					
State level	21,004	20,114	3,191	16,923	**84.14**
Dhalai District	NA	2,591	290	2,301	**88.81**
West Tripura	NA	4,212	672	3,540	**84.05**
South Tripura	NA	2,106	369	1,737	**82.48**
In 90 selected schools	NA	478	130	348	**72.80**
Upper Primary					
State level	11,890	10,836	1,874	8,962	**82.71**
Dhalai District	NA	1,293	173	1,120	**86.62**
West Tripura	NA	2,054	428	1,626	**79.16**
South Tripura	NA	1,363	200	1,163	**85.33**
In 90 selected schools	NA	283	64	219	**77.39**

Source: SSA, Rajya Mission, Tripura and 90 selected schools.

It could be seen from **Table 1.3.5** that the number of untrained teachers was very high.

The annual in-take capacity of different Training Institutions designated for training of in-service teachers is given in **Table 1.3.6**.

Table 1.3.6: Annual in-take capacity of Training Institutions *vis-à-vis* position of untrained in-service teachers as of March 2017

Sl. No.	Name of the institution	Annual in-take capacity in Open and Distance Learning (ODL) mode of study	Total number of untrained teachers under primary/upper primary education as on 31-03-2017
1	DIET, Agartala, West Tripura	150	Primary: 16,923 Upper Primary: 8,962
2	DIET, Kakraban, Gomati District	150	
3	DIET, Kamalpur, Dhalai District	50	
4	DIET, Kailasahar, Unakoti District	50	
Total		**400**	**25,885**

Source: SCERT, Tripura

In view of the above, the existing annual in-take capacity in the State for teachers' training was around 400 as against 25,885 untrained teachers awaiting training. As such, there was serious capacity and infrastructure problem for training of teachers in the State. However, the Government had not drawn any long term plan for augmenting infrastructure for training of untrained teachers in the State.

The Department stated (November 2017) that the professional training of untrained primary/upper primary teachers was delayed due to (i) inadequate teachers' training institutes, (ii) non-availability of adequate infrastructure, (iii) shortage of faculty/resource persons, etc. It further added that the MHRD, had taken nationwide special initiative for training of all un-trained in-service teachers through National Institute of Open School (NIOS) by 31st March 2019.

1.3.7.4 (iii) Teachers training at URC/BRC level

Para 4.4.8 of SSA Framework for Implementation envisages that annual in-service training of trained teachers be imparted to enable them to continuously upgrade their knowledge and teaching skills. Para 4.4.9.2(d) of SSA Framework for Implementation also stipulates that major role of URCs/BRCs should be to organise in-service teacher training based on teachers needs as observed during school visits.

During 2012-13 to 2016-17, PAB of MHRD sanctioned ₹ 7.17 crore for refresher training at URC/BRC level of 93,356 in-service primary/upper primary level teachers serving under 59 URCs/BRCs. Accordingly, the State had targeted 88,692 in-service teachers to be trained at URC/BRC level against which 100 *per cent* achievement was shown in the replies furnished by the Department to audit. However, in the 11 URCs/BRCs in three districts covered under this PA, it was noticed that against the target of 26,534, the achievement in refresher training during 2012-13 to 2016-17 was only 16,307 resulting in shortfall of 10,227 (39 *per cent*). Thus, the data compiled by the Department and the statistics of Annual Report of SSA did not portray the true picture of refresher training at the field level. Moreover, reasons for the difference in the target of MHRD (93,356) against which the MHRD had sanctioned ₹ 7.17 crore and the target actually set by the State (88,692) was not found on record.

In view of the shortfall in training, the funds available for training remained unspent. Records of 11 BRCs/URCs under selected districts for the period 2012-13 to 2016-17 revealed that funds of ₹ 5.38 crore was available with the BRCs/URCs for teachers' refreshers training course and the BRCs/URCs could spend only ₹ 1.38 crore. The unspent balance at the end of the year ranged from ₹ 52.45 lakh to ₹ 1.16 crore. Thus, the number of training targeted to be completed and intended benefits of the training were not achieved during the period covered in audit despite having adequate funds.

While admitting the fact, the Department stated (November 2017) that bulk amount of funds was usually released in the month of March, which could not be utilised during the financial year but spilled over to subsequent financial year.

1.3.7.4 (iv) Delay in constitution of Teachers Recruitment Board

Para 23 of RTE Act, 2009 stipulates that any person possessing such minimum qualifications, as laid down by an academic authority, authorised by the Central Government by notification shall be eligible for appointment as a teacher. The Central Government authorises (April 2010) the National Council for Teacher Education (NCTE) as the academic authority to lay down the minimum qualification for a person to be eligible for appointment as a teacher. The NCTE laid down (February 2011) the minimum qualifications for a person to be eligible for appointment as a teacher in classes I to VIII which inter alia includes passing of Teachers' Eligibility Test (TET) which will be conducted by the appropriate Government in accordance with the Guidelines framed by the NCTE.

Scrutiny of records of the Department revealed that, the State Government had constituted (January 2015) the 'Teachers' Recruitment Board' for conducting TET examination for appointment of teachers in primary/upper primary education after a lapse of four years after the NCTE laid down the Guidelines for conducting TET examination by the appropriate Government.

Despite the NCTE guidelines, the State Government had delayed in constituting the Teachers' Recruitment Board. Besides, the State Government had also recruited 4,612 under graduate teachers in the year 2014, i.e, before constitution of Teachers' Recruitment Board.

While admitting the fact, the Department stated (November 2017) that constitution of Teachers' Recruitment Board was delayed due to delay in adoption of policy decision.

1.3.7.5 Inadequate infrastructure facilities in the Schools

Section 19 of the RTE Act, 2009 provides that every school should have all-weather building consisting of (i) at least one class room for every teacher and an office-cum-store-cum-Head teacher's room, (ii) barrier-free access, (iii) separate toilets for boys and girls, (iv) safe and adequate drinking water facility to all children, (v) a kitchen where mid-day meal is cooked, (vi) playground, (vii) arrangements for securing the school building by boundary wall or fencing (viii) Library.

As per information furnished by the 90 schools in the three districts covered by this PA, it was seen that the schools lacked infrastructure facilities and basic amenities as shown in **Table 1.3.7**.

Table 1.3.7: Infrastructure and basic amenities in the sampled schools

Facilities	Total Number of schools	Number of schools in which available	Number of schools in which not available
Separate toilet for girls	90	60	30
Boundary wall	90	13	77
School Library	90	11	79
Drinking water	90	72	18
Barrier free access in all weather	90	74	16
Playground	90	70	20
Sufficient Furniture in class	90	67	23
Separate Headmaster's room	90	38	52
Fire safety equipment	90	14	76

It will be seen from the above that 30 schools (33.33 *per cent*) had no girls' toilets; 77 schools (85.56 *per cent*) had no boundary walls; 79 schools (87.78 *per cent*) had no library, 18 schools (20 *per cent*) had no safe drinking water facilities; 20 schools (22.22 *per cent*) had no playground. Sufficient furniture were not available in class rooms in 23 schools (25.56 *per cent*); 52 schools (57.78 *per cent*) had no separate room for Headmasters and there was no fire safety equipment in 76 schools (84.44 *per cent*).

The Department stated (November 2017) that inadequate infrastructure facilities in the schools were mainly due to fund constraint and efforts would be made to improve the infrastructure of all the schools.

1.3.8 Financial Management

1.3.8.1 Budget and Expenditure

Fund Provision

The MHRD, GoI provided funds in the ratio of 90:10 to NER States for implementation of the RTE Act, 2009. Details of GoI approved outlay, release of its shares, State share *vis-a-vis* expenditure for the period from 2012-13 to 2016-17 in Tripura is shown in **Table 1.3.8**.

Table 1.3.8: Details of GoI approved outlay, release of GoI/State share

(₹ in crore)

Year	GoI Budget (PAB approved)	GoI Share	State Share	Released by		Percentage of release to its share		Percentage of excess (+)/short (-) release by GoI against its share	Percentage of excess (+)/short (-) release by State against its share
				GoI	State	GoI	State		
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*
2012-13	241.24	212.62	23.62	120.10	17.72	56.49	75.02	(-) 43.51	(-) 24.98
2013-14	201.34	176.71	19.63	159.91	14.21	90.49	72.39	(-) 9.51	(-) 27.61
2014-15	229.85	202.37	22.49	198.00	24.30	97.84	108.05[15]	(-) 2.16	(+) 8.05
2015-16	256.58	230.92	25.66	169.57	19.36	73.43	75.45	(-) 26.57	(-) 24.55
2016-17	293.03	263.73	29.30	191.91	23.58	72.77	80.48	(-) 27.23	(-) 19.52
Total	**1,222.04**	**1,086.35**	**120.70**	**839.49**	**99.17**	**77.28**	**82.16**	**--**	**--**

Source: Minutes of PAB approval, SSA State Mission and State Finance Department for State share release.

Notes: Figure shown under GoI share included budget including 13th FC grants (2012-13: ₹ 5 crore, 2013-14: ₹ 5 crore & 2014-15: ₹ 5 crore).

Short release of funds by GoI during the period 2012-13 to 2016-17 ranged between 2.16 and 43.51 *per cent*, while short release of funds by State Government during the period 2012-13 to 2016-17 ranged between 19.52 and 27.61 *per cent*.

Expenditure: Year-wise position of availability and expenditure of funds under SSA-RTE Act, 2009 during 2012-13 to 2016-17 at the State level is given in **Table 1.3.9**.

[15] State share ₹ 329.30 lakh and ₹ 100.00 lakh sanctioned in 2013-14 but credited in 2014-15

Table 1.3.9: Position of year-wise availability of funds and funds expenditure

(₹ in crore)

Year	Budget Proposal sent to MHRD	OB	Release of funds		Interest and other receipts	Total funds available	Disbursement during the year (including advances)	Percentage of disbursement against available funds	Funds Advanced during the year	Adjustment Received during the year	Net[16] of adjustment over advances	Expenditure	Closing Balance
			GoI Share	State Share									
1	*2*	*3*	*4*	*5*	*6*	*7 (3+4+5+6)*	*8*	*9*	*10*	*11*	*12 (11-10)*	*13 (8+12)*	*14 (7-8)*
2012-13	338.83	8.73	120.10	17.72	16.70	163.25	148.74	91	143.31	230.25	86.94	235.68	14.51
2013-14	315.31	14.51	159.91	14.21	1.51	190.14	184.38	97	182.30	159.86	(-)22.44	161.94	5.76
2014-15	397.02	5.76	198.00	24.30	5.70	233.76	218.99	94	216.55	174.52	(-) 42.03	176.96	14.77
2015-16	421.73	14.77	169.57	19.36	26.98	230.68	205.64	89	203.12	229.34	26.22	231.86	25.04
2016-17[17]	524.69	25.04	191.91	23.58	5.23	245.76	198.82	81	203.93	188.11	(-) 15.82	183.00	46.94
Total	**1,997.58**		**839.49**	**99.17**								**989.44**	

It could be seen from **Table 1.3.9** that the funds released could not be spent by SSA Rajya Mission during 2012-13 to 2016-17 and utilisation of funds during the years ranged between 81 and 97 *per cent*. Further, the percentage of utilisation of funds showed a decreasing trend since 2013-14 with corresponding increase in closing balance from ₹ 5.75 crore in 2013-14 to ₹ 46.94 crore at the end of 2016-17. This twofold situation resultantly manifested itself in the fact that the release of funds by GoI every year was also less than what the State proposed to GoI.

It was also noticed that SSA Rajya Mission advanced funds to the units *viz* Block Project Coordinator (BPC), Joint Block Project Co-ordinator (JBPC), BRC. During 2013-14 and 2014-15, payments of advances to units were more than the submission of Utilisation Certificates while it was less during 2012-13, 2015-16 and 2016-17.

The SSA, Rajya Mission attributed (October 2017) the reasons to delayed release of funds by the MHRD, release of funds at the end of the year mostly in March and lengthy construction period of Civil Works.

1.3.8.2 Retention of unspent balance of funds

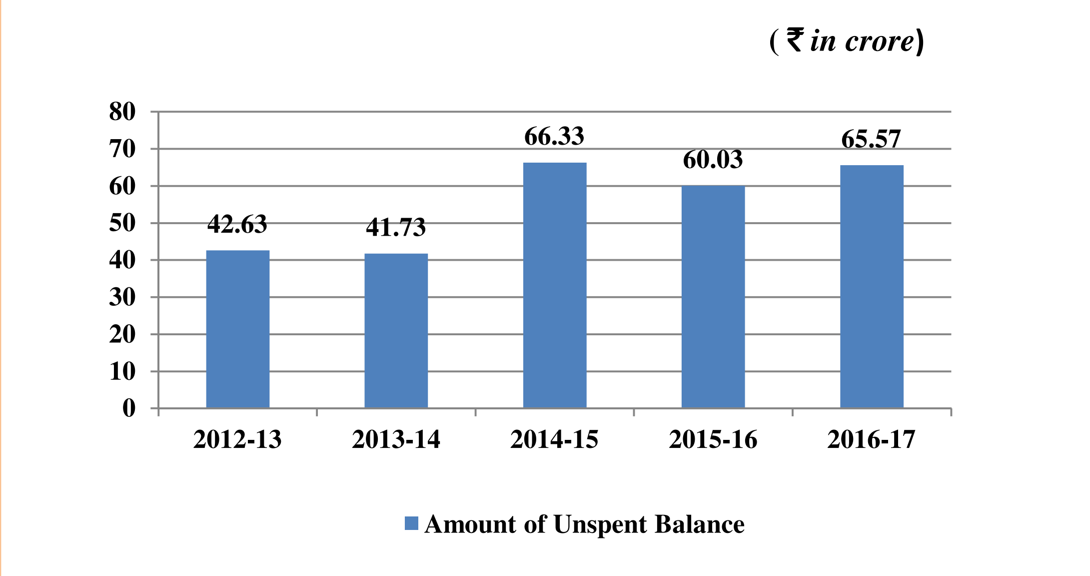
Scrutiny[18] revealed that there was unspent balances of funds ranging from ₹ 41.73 crore to ₹ 66.33 crore (**Appendix-1.3.2**) were lying with the selected units covered in this PA (details in column 1 of **Appendix- 1.3.2**) at the close of the financial year during 2012-13 to 2016-17.Year-wise unspent balances of selected units are shown in **Chart 1.3.1**. Retention of unspent balances in the banks indicated weak internal control mechanism in the Department.

[16] Net effect: Difference between Advances given to different implementing agencies and Adjustment received from different implementing agencies against advances.

[17] Notes: Fund position for the year 2016-17 as per reported figures.

[18] Cash Book, Bank Statement, Receipts & Payment Account of SSA-Rajya Mission, SCERT, selected District Project Coordinators, 18 Block Project Coordinators (including 7 Joint Block Project Coordinators), two DIETs, 11 BRCs and 90 selected schools under twelve blocks of the selected Districts.

Chart 1.3.1: Unspent balance of SSA-RTE Act, 2009 funds in the selected units



Source: Selected Units

Moreover, the closing balance in the selected units was much higher than the overall closing balance of the State in each of the year from 2012-13 to 2016-17 (**Table 1.3.9** for the State figure). This indicated that the expenditure shown at the State level were not reflective of the actual expenditure in the units.

In reply, the Department stated (November 2017) that appropriate action would be taken by the SSA, Rajya Mission in this regard.

1.3.8.3 Pending Utilisation Certificate

Para 9.11.6 of the SSA Framework for Implementation provided that Utilisation Certificates on utilisation of advances by the district units to the State should be submitted as and when the funds were utilised but before the release of the next instalment.

Scrutiny of the Accounts of the SSA, Rajya Mission, Tripura revealed that Utilisation Certificates were pending against advances made during 2012-13 to 2016-17 ranging from ₹ 35.69 crore to ₹ 87.71 crore (**Appendix-1.3.3**). The status of pendency of submission of Utilisation Certificates against advances made had increased in 2013-14 and 2014-15 as compared to 2012-13. The status of pendency of submission of Utilisation Certificated had decreased in 2015-16 though it again increased in 2016-17.

In reply, the Department stated (November 2017) that quantum of funds advanced to district and block levels during the last quarter especially in the month of March remained unutilised at the end of financial year in respect of some components of funds. Such funds were utilised in the following year. However, no supporting documents were furnished to Audit.

1.3.8.4 Idle expenditure of ₹ 59.33 lakh under Computer Aided Learning Programme of SSA

The PAB sanctioned ₹ 1.85 crore during 2011-12 for Computer Aided Learning (CAL) programme. Out of the ₹ 1.85 crore, the SSA, Rajya Mission procured 160 computer sets for ₹ 59.33 lakh (including ₹ 5.82 lakh for 5 years Annual Maintenance Contract). These were distributed to five Block Resource Centres (BRCs) and three Urban Resource Centres (URCs) in May 2013.

From records made available to audit, it was seen that no computer faculty was engaged in CAL Labs. No Computer training was also conducted by the BRCs/URCs except for training of one batch in Gournagar BRC under North Tripura District. Out of 160 computers, 73 were being used in the office of the IS/DEO/URC/BRC/Schools, etc. and 87 were lying idle with six CAL Labs of the six BRCs/URCs since March 2013. 36 of the 160 computers were non-functional as of March 2017.

Photograph 1.3.3: CAL Lab at Gournagar BRC under North Tripura

Photograph 1.3.4: CAL Lab at Kadamtala BRC under North Tripura

It was evident that the computers were not being used for the purpose for which they were procured.

The Department stated (November 2017) that all the computers would be immediately brought back to the district CAL Labs.

1.3.8.5 Un-distributed free text books

According to Para 4.3.6.1 SSA Framework for Implementation, the States were to prepare textbooks based on the National Curriculum Framework, 2005. SSA was required to support provision for free textbooks to all children in Government/Local Body and Government aided schools, including the Madrasas desirous of introducing the State curriculum.

In the SCERT and nine BPCs/JBPCs out of 18 BPCs/JBPCs under the 12 blocks in the three selected districts covered in this PA, 5,71,596[19] free elementary education

[19] As per information furnished by the SCERT, selected BPCs and Joint BPCs

text books remained undistributed during the period 2012-13 to 2016-17 (**Appendix-1.3.4**). Stockpiling of books ranged from 38,992 to 2,15,989 in individual years.

From **Appendix 1.3.4** it is evident that the SSA, Rajya Mission failed to assess the actual requirement of free textbooks during the period from 2012-13 to 2016-17 due to which 5,71,596 books remained undistributed.

The Department stated (November 2017) that from 2017-18, the SSA, Rajya Mission had taken vigorous steps to stop the practice of submitting overestimated requirement of text books by schools.

Photograph 1.3.5: Un-distributed free textbooks in Inspectorate of Schools (TTAADC), Khumulwng, under West Tripura

Photograph 1.3.6: Undistributed free textbooks in Inspectorate of Schools, Mohanpur, under West Tripura

1.3.8.6 Non-preparation of receipts and expenditure accounts

Section 21(2) of RTE Act, 2009 inter alia stipulates that the SMC shall monitor the utilisation of the grants received from the appropriate Government or local authority or any other sources. Further, Rule 3(4)(j) of RTE Rules (Tripura) 2011, also stipulates that the SMC may constitute smaller working groups from amongst its members to prepare annual account of receipts and expenditure of the school.

Scrutiny of information received from 90 schools covered under this PA revealed that, the SMCs had not prepared the annual receipts and expenditure accounts in 88 schools (98 *per cent*) in the three districts covered by this PA during 2012-13 to 2016-17. Due to non-preparation of annual receipt and expenditure accounts of these schools, the actual position of annual receipt of funds and expenditure thereof in the schools could not be ascertained in audit.

The Department stated (November 2017) that all the SMCs had been strictly instructed to maintain the ledger books showing receipt and expenditure accounts.

1.3.9 Supervision, monitoring and evaluation

1.3.9.1 Monitoring

Para 7.11.1(iii) of SSA Framework for Implementation stipulates for monitoring mechanism at the State level which inter alia includes State level quarterly review meetings with State coordinators of important functional areas including financial management. Further, MHRD's Memorandum dated 28th September 2013 stipulates that State level, District level and Block level monitoring committee should meet at least once in a quarter.

As per the records of the Department made available to audit, it was noticed that the required number of meetings were not adhered to at each level:

a) The State Advisory Council and the Executive Committee of SSA had conducted four meetings each during 2012-13 to 2016-17 against the required 20 meetings for the five years period. The State Level General Body had also conducted 05 meetings against the required 20 meetings for the period 2012-13 to 2016-17. Thus, there was shortfall in number of meetings conducted.

b) At the district level, District Level Monitoring Committee of South Tripura had not conducted any meeting during the period. Dhalai and West Tripura had conducted six and four meetings respectively against target of 20 meetings during 2012-13 to 2016-17. Thus, shortfall of holding meetings ranged between 70 *per cent* and 100 *per cent* in Dhalai, South and West Tripura District.

c) At the block level, shortfall in block level monitoring meetings ranged between 35 *per cent* and 100 *per cent*. In fact, Block Level Monitoring Committee had not even been constituted in six of the blocks[20]. Further, records regarding formation of Block Level Monitoring Committee in seven blocks[21] were not produced to audit.

As discussed above, there was shortfall in holding of meetings at all the three levels during the audit period. This indicated that the implementation of the RTE Act, 2009 was not monitored adequately.

1.3.9.2 Non-maintenance of complaint register

Section 32 of RTE Act, 2009 and Para 8.2 of SSA Framework for Implementation of stipulates for ensuring a well defined mechanism for grievance redressal involving a system of registering, investigating and responding within a well appointed time frame for violation of children's right under the RTE Act, 2009.

As per information furnished by the 90 selected schools covered under this PA, it was noticed that 61 out of the 90 schools had not even maintained the basic document, *i.e.* Complaint Registers relating to grievances related to children's rights as stipulated.

The absence or non-maintenance of Complaint Register indicated that there was no mechanism to address the grievances of children as well as parents.

[20] 1. AMC, 2. Mohanpur (Lefunga), 3. Old Agartala, 4. Mandwai, 5. Watloktwithu under West Tripura and 6. Ambassa (TTAADC) under Dhalai District

[21] 1. Gandacherra, 2. Ambassa (TTAADC), 3. Ambassa (State) under Dhalai, 4. Belonia MC, 5. Rajnagar, 6. Rupaichari and 7. Bokafa (TTAADC)

1.3.9.3 Shortfall of SMC meetings

Rule 3(3) of RTE (Rules) Tripura, 2011 stipulated that the School Management Committee (SMC) shall meet at least once in two months and the minutes and decisions of the meeting shall be properly recorded and made available to the public.

Scrutiny of information furnished by the 90 schools covered under this PA revealed that the SMC meetings were not held during 2012-13 to 2016-17 as required and the shortfall ranged between 17 and 75 *per cent*. Details of SMC meetings held and shortfall there against is given in **Table 1.3.10**.

Table 1.3.10: Shortfall of SMC meetings during 2012-13 to 2016-17

Year	No. of meetings required to be held	Total number of schools	Total number of meeting to be held in 90 schools	Actual number of meetings held	Shortfall	Percentage of shortfall
1	2	3	4 (2X3)	5	6 (4-5)	7
2012-13	06	90	540	133	407	75
2013-14	06	90	540	191	349	65
2014-15	06	90	540	385	155	29
2015-16	06	90	540	447	93	17
2016-17	06	90	540	386	154	29

Shortfall in the number of SMC meetings indicated that the implementation of RTE Act, 2009 was not being monitored adequately and evaluated on a regular basis.

The Department stated (November 2017) that meetings of SMCs could not be held regularly at the desired level due to lack of awareness of the community with regard to importance of SMC meetings. The Department further added that emphasis had been given on holding SMC meetings regularly in all schools.

1.3.9.4 Non-availability of Child Helpline

Rule 18(1) of "The Right of Children to Free and Compulsory Education Rules (Tripura) 2011" required the State Commission for Protection of Child Rights or Right to Education Protection Authority (REPA), as the case may be, to set up a child help line, accessible by SMS, telephone and letter which would act as the forum for aggrieved child/guardian to register complaints regarding violation of rights under RTE Act, 2009.

It was seen that as of March 2017, the Department had not set up such child helpline in the State.

The Department stated (November 2017) that the Director of Social Welfare & Social Education Department would be requested to launch one helpline for recording the complaints with regard to protection of child rights.

1.3.10 Good Practices

Quality centric education to facilitate learning and thinking for all round personality development of students in a conducive atmosphere was attempted in some of the schools. Few of the instances are shown in **Photographs 1.3.7** to **1.3.9**.

Photograph 1.3.7: Garden of Nehal Chandranagar High School under Sepahijala

Photograph 1.3.8: Teaching Learning Material (TLM) Park in Nutannagar Girls HS School under West Tripura

Photograph 1.3.9: Kitchen garden of Salema Class-XII School under Dhalai District

1.3.11 Conclusion

One of the major achievement of the State in implementation of RTE Act, 2009 had been improvement in retention rate of students in school and decline in dropout rate. However, lack of a comprehensive approach in its execution had resulted in many areas remaining unaddressed. As a result, issues of quality remained a major area of concern. The status of training of teachers was poor with only 15.86 *per cent* of its teachers at primary level and 17.29 *per cent* at upper primary level could be trained. Inadequate infrastructure in the schools had acted as a constraining factor in ensuring an atmosphere conducive for imparting education.

Due to improper planning and delay in implementation of the programme, huge amount of funds remained unspent at the end of every year.

Monitoring was poor. Review meetings of monitoring committee were inadequate at every level on implementation of RTE Act, 2009. Shortfall in SMC meetings at the school level were indicators of the lack of internal control even at the individual school level resulting in poor implementation or non implementation of provisions of the Act.

1.3.12 Recommendations

a. A participatory approach should be followed in preparation of Annual Works Plan and Budget to ensure the basic needs at grass root level;

b. Training infrastructure for teachers needs to be strengthened to ensure effective and adequate training for teachers;

c. Basic infrastructure need to be developed in all the schools across the State;

d. Supervision, monitoring and evaluation should be strengthened to achieve the desired outcomes.

CHAPTER II: ECONOMIC SECTOR

CHAPTER II: ECONOMIC SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2017 deals with the findings of audit on the State Government units under Economic Sector.

The names of the State Government departments and the break-up of the total budget allocation and expenditure of the State Government under Economic Sector during the year 2016-17 are given in **Table 2.1.1**:

Table 2.1.1:

(₹ in crore)

Name of the Departments	Total Budget Allocation	Expenditure
Agriculture Department	323.99	237.74
Animal Resource Development Department	98.01	77.19
Co-operation Department	28.07	22.59
Fisheries Department	48.34	44.25
Forest Department	111.66	96.50
Horticulture Department	74.78	72.58
Industries and Commerce (Handloom, Handicrafts and Sericulture) Department	30.79	22.56
Industries and Commerce Department	84.54	81.04
Information, Cultural Affairs and Tourism Department	31.63	27.00
Information Technology Department	15.52	9.58
Power Department	160.09	94.67
Public Works (Roads and Buildings) Department	841.13	829.36
Public Works (Water Resource) Department	160.38	94.60
Science Technology and Environment Department	17.33	16.91
Total number of Departments = 14	**2,026.26**	**1,726.57**

Source: Appropriation Accounts – 2016-17.

Besides the above, the Central Government had transferred a sizeable amount of funds directly to the Implementing Agencies under the Economic Sector to different agencies in the State during the year 2016-17. The major transfers of funds (₹ 5 crore and above) to the State Implementing Agencies for implementation of flagship programmes of the Central Government are detailed in **Table 2.1.2**.

Table 2.1.2: Funds transferred to State Implementing Agencies during 2016-17 (₹ 5 crore and above)

(₹in crore)

Name of the Department	Name of the Scheme/Programme	Implementing Agency	Amount of funds transferred during the year
Science Technology and Environment	Off Grid / Distributed and Decentralised Renewable Power	Tripura Renewable Energy Development Agency (TREDA)	14.42
Industries and Commerce	NER - Textile Promotion Scheme	Director of Handloom, Handicrafts and Sericulture, Government of Tripura	21.89
	Industrial Infrastructure Upgradation Scheme IIUS DIPP	Tripura Industrial Development Corporation Ltd.	26.46
	Pradhan Mantri Kaushal VikasYojana	Society for Entrepreneurship Development	7.07
Tourism	Swadesh Darshan - Integrated Development of Theme Based Tourism Circuits, Kala SanskritiVikashYojana	Tripura Tourism Development Corporation Ltd.	26.31
Agriculture	National Mission on Sustainable Agriculture, Central Sector	Joint Director of Agriculture, State Agriculture Research Station	5.94
Total			**102.09**

Source: 'Central Plan Scheme Monitoring System' portal in Controller General of Accounts' website

2.2 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls, etc.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the departments. The departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of those Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of the State under Article 151 of the Constitution of India for being laid in the State Legislature.

The audits were conducted during 2016-17 involving test-check of an expenditure of ₹ 2,288.43 crore (including expenditure pertaining to the previous year's audited during the year) of the State Government under Economic Sector. This Sector contains four Compliance Audit Paragraphs.

PUBLIC WORKS DEPARTMENT (Roads & Buildings)

2.3 Idle Expenditure

Failure to complete the construction of an approach road resulted in a bridge built at a cost of ₹ 5.75 crore lying unused for more than 40 months.

The work "Replacement of existing SPT bridge[1] over river Juri by 70 metre span RCC bridge on Dharmanagar Tilthai (DT) Road to Vitorgul at Dharmanagar" was awarded (3 July 2009) to M/s *Bharat Bhari Udyog Nigam Limited*[2] (BBUNL) at ₹ 8.27 crore[3] with stipulated completion time of 24 months. The work commenced on 18 July 2009 and was completed on 22 May 2014. The agency was paid ₹ 5.75 crore against the total value of work done of ₹ 6.73 crore upto 6th RA and final bill. The work of construction of an approach road to both ends of the Semi Permanent Timber (SPT) bridge was not in the scope of work awarded to BBUNL.

Test check (November 2016) of records of the Executive Engineer (EE), Dharmanagar Division, PWD (R&B) revealed that the work of construction of approach roads at both ends of the SPT bridge were awarded separately to two contractors. The work of the approach road of one side awarded (22 May 2014) to one contractor was completed on 24 December 2014 at a cost of ₹ 10.21 lakh.

The work of the approach road of the other side (Vitorgul end) was awarded (12 June 2014) to another contractor at ₹ 10.90 lakh[4] with stipulated completion time of 2 months. The work commenced on 15 June 2014. However, it was suspended from 3 November 2014 as the local land owners objected that a portion of the land (0.54 acre[5]) had not been acquired by Government[6]. The Department could not provide hindrance free land to the contractor for construction of approach road from Vitorgul end till October 2017.

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1 Semi-Permanent Timber bridge for plying light vehicles
2 A Government of India undertaking
3 49 *per cent* above the estimated cost of ₹ 5.55 crore
4 22.22 *per cent* below the estimated cost of ₹ 14.02 lakh
5 Out of total land of 0.62 acre, 0.08 acre was Government land
6 The contractor was paid (March 2015) ₹ 1.20 lakh against the value of work done of ₹ 2.08 lakh

Photographs 2.3.1 & 2.3.2: (Incomplete approach road from Vitorgul end) RCC bridge over river Juri on Dharmanagar Tilthai Road to Vitorgul at Dharmanagar

The omission of the Department to also provision for construction of approach roads to the bridge at the planning stage and also to hand over to the contractor hindrance free land for construction of the approach road resulted in the bridge built at a cost of ₹ 5.75 crore lying unused for more than 40 months (upto October 2017).

The matter was reported to the Government (May 2017); reply was awaited (February 2018).

2.4 Wasteful expenditure

Up-gradation of road within eight to ten months of its completion rendered the expenditure on the up-gradation work on the road amounting to ₹ 1.12 crore wasteful.

The Government of Tripura had proposed to Government of India for construction of "Approach Road from NH-44 Teliamura Railway Station' and requested for funds under Non-Lapsable Central Pool of Resources (NLCPR) in the meeting held on 24 September 2008.

The work "Up-gradation of TK Road[7]" with carriage width of seven metres starting from NH 44 to Teliamura Railway Station (0.00 to 4.00 Km) for up-gradation by providing Dense Bituminous Macadam (DBM) along with Premix Carpeting (PMC) and Sand Seal Coat (SSC) was awarded to two contractors before receipt of funds under NLCPR. The stretch of the road from 0.00 Km to 2.00 Km was awarded (August 2009) to one contractor at his tendered value of ₹ 75.87 lakh and was completed in October 2012. The contractor was paid ₹ 80.15 lakh including ₹ 56.40 lakh for execution of DBM, PMC and SSC. The stretch of the road from 2.00 Km to 4.00 Km was awarded (August 2008) to another contractor at his tendered value of ₹ 75.87 lakh and was completed in August 2012. The contractor was paid

[7] Name of the work: Up-gradation of TK Road during the year 2009-10/SH: Providing DBM and carpeting from (i) 0.00 km to 2.00 km and (ii) 2.00 km to 4.00 km

₹ 80.18 lakh including ₹ 55.98 lakh for execution of DBM, PMC and SSC. The funds for the works were spent from the own State resources.

The service life of dense bituminous item[8] is four years and it ensures adequate stability and durability[9]. But, it was noticed in audit that Department had prepared (December 2012) estimate for execution of the BM and other bituminous items on the same road under NLCPR just after completion of four months of the first work.

Test check (February 2016) of records of the Executive Engineer (EE), PWD (R&B), Teliamura Division revealed that the same road viz. "Construction of approach roads from (i) NH 44 to Teliamura Railway Station (Length-3.102 Km)[10]" under Non Lapsable Central Pool of Resources (NLCPR), were awarded to the lowest tenderer at ₹ 6.42 crore[11] in May 2013. The scope of the work, *inter alia*, included laying of Granular Sub Base (GSB), Water Bound Macadam (WBM), Bituminous Macadam (BM), Premix Carpeting (PMC) and Sand Seal Coat (SSC) with carriage width of seven metres. The work commenced in June 2013 and was completed in September 2015. The contractor was paid ₹ 6.06 crore against the value of work done of ₹ 6.42 crore upto 3rd RA & Final bill including ₹ 2.25 crore for BM, ₹ 1.37 crore for PMC and ₹ 0.58 crore for SSC.

Hence, expenditure of ₹ 1.12 crore (₹ 56.40 lakh and ₹ 55.98 lakh) incurred earlier towards execution of DBM, PMC and SSC from the State's own resources without waiting for approval under NLCPR therefore, turned wasteful.

The matter was reported to the Government (May 2017); reply was awaited (February 2018).

2.5 Wasteful expenditure

Excess payment of ₹ 39.72 lakh made to a contractor. Besides, execution of inferior quality of bituminous work resulted in wasteful expenditure of ₹ 63.85 lakh.

A Memorandum of Understanding (MoU) was signed between the Executive Engineer (EE), Amarpur Division, PWD (R&B) and M/s GPT Infra Projects Limited, a Kolkata based firm, in January 2009 to execute the road work 'Improvement of road from Mailak to Gamukabari via Burbaria (Package No. 1)' at a contract price of ₹ 9.01 crore[12] under Non Lapsable Central Pool of Resources (NLCPR). Out of ₹ 9.01 crore, ₹ 5.72 crore was the estimated cost towards laying of

8 Dense Bituminous Macadam
9 Journal of Indian Roads Congress (IRC), Vol- 73 and specification of DBM published by IRC
10 Estimated cost: ₹ 7.09 crore
11 14.99 *per cent* below the total estimated cost of the two works *i.e.* ₹ 7.55 crore
12 29 *per cent* above the estimated cost of ₹ 4.43 crore for road works and 55 *per cent* above the estimated cost of ₹ 2.12 crore for cement concrete works, both estimates based on TSR 2008

road alone. The work order was issued in February 2009 to the agency with stipulated time for completion of the work within two years.

The Detailed Project Report (DPR) for the work prepared by the agency was approved by the Chief Engineer, PWD (R&B) on 9 November 2010. As per the DPR, non-bituminous work i.e Granular Sub Base (GSB[13]) and Water Bound Macadam (WBM[14]) were to be executed on the entire width of the road (GSB for 4.05 metres width and WBM for 3.75 metres width). Over that, bituminous work i.e Premix Carpeting (PMC[15]) and Sand Seal Coat (SSC[16]) were to be executed as a wearing course on the entire stretch of 7 km planned road.

The work commenced in January 2011 and was in progress (January 2017).The work was delayed due to suspension[17] of work by the agency. The agency was paid (March 2016) ₹ 8.51 crore against the total value of work done for ₹ 8.53 crore upto 7^{th} RA bill.

Test check (January 2017) of records of the EE, Amarpur Division revealed that as per the DPR, WBM and bituminous works were to be executed on the road with width of 3.75 metres. It was seen from the measurement book that these items of works were recorded to have been executed on the road with width ranging from 3.68 to 4.27 metres. However, during physical verification (January 2017) of the road by audit with the Departmental representative, it was noticed that the actual width of the road varied from 2.75 to 3.3 metres. Therefore, expenditure of ₹ 39.72 lakh (**Appendix - 2.5.1)** incurred towards execution of WBM and bituminous work in excess of actual width of the road led to excess payment to the agency.

It was noticed from the records that before suspension of work the bituminous work was damaged while the execution of the road was in progress. During joint physical verification (January 2017), it was found that the bituminous work on the entire road surface, except for 1.9 km out of total length of 7 Km, was damaged and needed to be re-executed right from the beginning though the service life of bituminous work was four years as per IRC[18]. The condition of the road during joint physical verification is shown in **Photographs 2.5.1** to **2.5.3**.

[13] GSB = GSB base course is constructed with brick aggregate below the WBM layer as per the design.
[14] WBM = WBM base course is constructed with brick aggregate in two or three layers as per the design
[15] PMC = Bitumen with 20 mm stones executed over the WBM area
[16] SSC = Bitumen with sand laying over PMC
[17] From 17January 2016
[18] Journal of Indian Roads Congress, Vol- 73

Photograph 2.5.1: At Ch: 5.5 Km

Photograph 2.5.2: At Ch: 2.1 Km

Photograph 2.5.3: Near Gamaku School

Therefore, due to damage of bituminous works (PMC and SSC) before expiry of service life of four years, the expenditure incurred of ₹ 63.85 lakh (**Appendix-2.5.2**) towards bituminous works turned wasteful.

Further, it was also seen in audit that Government of Tripura reported to Government of India in September 2013 that this work was completed, although as per records, the work remained incomplete as of August 2017. It was further observed in audit that since carpeting work of the road was damaged on long stretches and the agency did not carry out repair work, the Department was not in a position (August 2017) to take over the road. Therefore, the project remained incomplete even after lapse of more than six years from the date of approval of the DPR.

The matter was reported to the Government (May 2017); reply was awaited (February 2018).

2.6 Wasteful expenditure

Construction work taken up in October 2013 under NLCPR on the approach road from NH-44 to Jirania Railway Station (Length-1.042 km) within a span of six months after completion of improvement work on the same road in April 2013 under SPA rendered the expenditure of ₹ 59.87 lakh incurred towards bituminous work as wasteful.

The work 'Improvement of road from "NH44 to Jirania Railway Station (Length-1.042 km)" had been sanctioned (August 2011) by the State Government under State Plan Assistance (SPA).The above work was awarded to the lowest tenderer in September 2011 with stipulated time for completion of 12 months. The carriage width of the road was seven metres. The work commenced in October 2011 and completed in April 2013.Against the sanctioned 7 metres of road width, execution was made for 7.6 metres. Total value of work done by the agency was ₹ 2.05 crore which was paid in December 2013. This included bituminous work valued at ₹ 59.87 lakh (Dense graded Bituminous Macadam: ₹ 39.53 lakh, Close graded surfacing material: ₹ 15.92 lakh and Seal coat: ₹ 4.42 lakh).

Test check (October –November 2016) of records of the Executive Engineer (EE), Jirania Division, PWD (R&B), Jirania revealed that the work on same road viz. 'Approach road from NH-44 to Jirania Railway Station (Length- 1.042 km)' had been awarded (November 2013) to the lowest tenderer under NLCPR at the negotiated value of ₹ 3.57 crore i.e after lapse of seven months from the date of completion of previous work. The carriage width of the road was seven metre. The work was to be completed in nine months after award. The work commenced in November 2013 and was in progress for 11.70 metres against the order for seven metres (November 2016). The contractor was paid (March 2016) ₹ 2.65 crore against the total value of work done of ₹ 2.66 crore taking into account 11.70 metres which *inter alia* included bituminous work valued at ₹ 1.25 crore (Dense graded Bituminous Macadam: ₹ 64.76 lakh, Close graded Premix surfacing material: ₹ 44.90 lakh and Seal coat: ₹ 15.80 lakh).

As per Indian Roads Congress (IRC), the service life of DBM in high rainfall areas is four years and it ensures adequate stability and durability[19]. It was however, noticed in audit that since 7.6 metres of the road had already been completed in April 2013, the Department should have given the order to execute DBM and other bituminous works only for the remaining portion of 4.10 metres instead of entire width of the road i.e. 11.70 metres.

Therefore, construction work of the approach road from NH-44 to Jirania Railway Station taken up in November 2013 under NLCPR within a span of seven months after completion (April 2013) of improvement work of the same road, rendered the expenditure of ₹ 59.87 lakh incurred in first occasion on execution of DBM and bituminous items of improvement work as wasteful.

In reply, the EE stated (March 2017) that (i) under SPA the carriage width of the road was 3.5 metres on either lane and under NLCPR the provision was to widen the carriage width from 3.5 metres to 5.50 metres on either lane; (ii) undulation/depression occurred at different spots of the road done under SPA due to heavy rain and movement of heavy trucks with loading/un-loading at store yard of Railway Station.

The reply is not acceptable since (i) the estimated quantity of the bituminous items including DBM on both the occasions was same for 7.6 metres; (ii) the annual rainfall for the year 2012-15[20] was notably less than the normal average rainfall as evident from the information obtained from website of India Metrological Department, GoI.

[19] Journal of Indian Roads Congress (IRC), Vol- 73 and specification of DBM published by IRC

[20]

Year	Deficiency in annual rainfall
2012	-24 *per cent*
2013	-17 *per cent*
2014	-19 *per cent*
2015	-8 *per cent*

The matter was reported to the Government (June 2017); reply was awaited (February 2018).

CHAPTER IV: REVENUE SECTOR

CHAPTER III: ECONOMIC SECTOR
(STATE PUBLIC SECTOR UNDERTAKINGs)

3.1 Functioning of State Public Sector Undertakings

Introduction

3.1.1 The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. The SPSUs, established to carry out activities of commercial nature, also to occupy an important place in the State economy. As on 31 March 2017, there were 14 SPSUs in Tripura. None of these SPSUs was listed on the Stock exchange. During the year 2016-17, no new SPSU was incorporated and none was closed down. The details of the SPSUs in Tripura as on 31 March 2017 are given in **Table 3.1.1**.

Table 3.1.1: Total number of SPSUs as on 31 March 2017

Type of SPSUs	Working SPSUs	Non-working SPSUs[1]	Total
Government Companies[2]	12	1	13
Statutory Corporations	1	-	1
Total	**13**	**1**	**14**

The working SPSUs registered a turnover of ₹ 869.27 crore as per their latest finalised accounts as of September 2017. This turnover was equal to 2.36 *per cent* of the Gross State Domestic Product (GSDP) of ₹ 36,879.70 crore[3] for 2016-17. During 2015-16, the contribution of working SPSUs turnover (₹ 706.39 crore) was marginally lower at 2.15 *per cent* of the State GDP (₹ 32,861.70 crore). The working SPSUs incurred an aggregate loss of ₹ 118.09 crore as per their latest finalised accounts as of September 2017, as compared to the aggregate loss of ₹ 139.05 crore incurred by the working SPSUs during 2015-16. The overall losses of working SPSUs were mainly on account of heavy loss (₹ 79.96 crore) incurred by the power sector SPSU {*viz.* Tripura State Electricity Corporation Limited (TSECL)} as discussed under **Paragraph 3.1.15**. The SPSUs had employed 6,721 employees[4] as at the end of March 2017. Out of 13 working SPSUs, the equity (₹ 247.06 crore) of 2 SPSUs[5] had been completely eroded by their accumulated losses (₹ 371.59 crore) as per their latest finalised accounts as on 30 September 2017. The Return on Equity (ROE) in respect of 3 working SPSUs[6] was 5.45 *per cent.* The ROE in respect of remaining eight working SPSUs[7] was negative {(-) 26.39 *per cent*} as per their latest finalised accounts.

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[1] Non-working SPSUs are those which have ceased to carry on their operations.
[2] Government companies include Other Companies referred to in Section 139(5) and 139(7) of the Companies Act 2013.
[3] GSDP figures taken as per Quarterly Review Report of the Finance Minister, Government of Tripura for the 3rd Quarter of 2016-17
[4] As per the details provided by working SPSUs
[5] Serial No. A9 and B1 of ***Appendix 3.1.2.***
[6] As per the details provided by working SPSUs
[7] Serial No. A2, A3, A4, A5, A6, A7, A8 and A11 of ***Appendix 3.1.2.***

As of 31 March 2017, there was one non-working SPSU having total investment of ₹ 0.04 crore.

Accountability framework

3.1.2 The audit of the financial statements of a Company in respect of financial years commencing on or after 1st April 2014 is governed by the provisions of the Companies Act, 2013. However, the audit of a Company in respect of financial years that commenced earlier than 1st April 2014 continued to be governed by the Companies Act, 1956.

According to Section 2(45) of the Companies Act, 2013 (Act), a Government Company is one in which not less than 51 *per cent* of the paid-up capital is held by the Central and/or State Government(s). The subsidiary of a Government Company is also covered under the definition of a Government Company. The process of audit of Government Companies under the Act is governed by the related provisions of Section 139 and 143 of the Act.

Statutory Audit

3.1.3 The financial statements of a Government Company (as defined in Section 2 (45) of the Act) are audited by the Statutory Auditors. The said Statutory Auditors are appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 139 (5) or (7) of the Act. These financial statements are subject to Supplementary Audit conducted by the CAG under the provisions of Section 143 (6) of the Act. Further, the Statutory Auditors of any 'Other Company'[8] owned or controlled, directly or indirectly by the Central and/or State Government (s) are also appointed by CAG as per the provisions of Section 139(5) or (7) of the Act.

As per the provisions of Section 143 (7) of the Act, the CAG, in case of any Company (Government Company or Other Company) covered under sub-section (5) or sub-section (7) of Section 139 of the Act, if considers necessary, cause 'test audit' to be conducted of the accounts of such Company (Government Company or Other Company). The provisions of Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 (CAG's DPC Act) shall apply to the report of such 'test audit'.

Audit of Statutory Corporations is governed by their respective Legislations. The State of Tripura had only one Statutory Corporation, which was working. The CAG is the sole auditor for the said Corporation, namely, Tripura Road Transport Corporation (TRTC).

Role of Government and Legislature

3.1.4 The State Government exercises control over the affairs of these SPSUs through its administrative departments. The Chief Executive and Directors on the Board of these SPSUs are appointed by the State Government.

[8] As referred to in Section 139(5) and 139(7) of the Act.

The State Legislature also monitors the accounting and utilisation of State Government investment in the SPSUs. For this purpose, the Annual Reports of State Government Companies together with the Statutory Auditors' Reports and comments of the CAG thereon are to be placed before the Legislature under Section 394 of the Act. Similarly, the Annual Reports of Statutory Corporations along with the Separate Audit Reports of CAG are to be placed before the Legislature as per the stipulations made under their respective governing Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of State Government of Tripura

3.1.5 The State Government has a large financial stake in these SPSUs. This stake is of mainly three types:

a. **Share capital and loans-** In addition to the Share capital contribution, State Government also provides financial assistance by way of loans to the SPSUs from time to time.

b. **Special financial support-** State Government provides budgetary support by way of grants and subsidies to the SPSUs as and when required.

c. **Guarantees-** State Government also guarantees the repayment of loans (with interest) availed by the SPSUs from Financial Institutions.

Investment in state PSUs

3.1.6 As on 31 March 2017, the investment (capital and long-term loans) in 14 SPSUs was ₹ 1,841.55 crore[9] as per details given in **Table 3.1.2**.

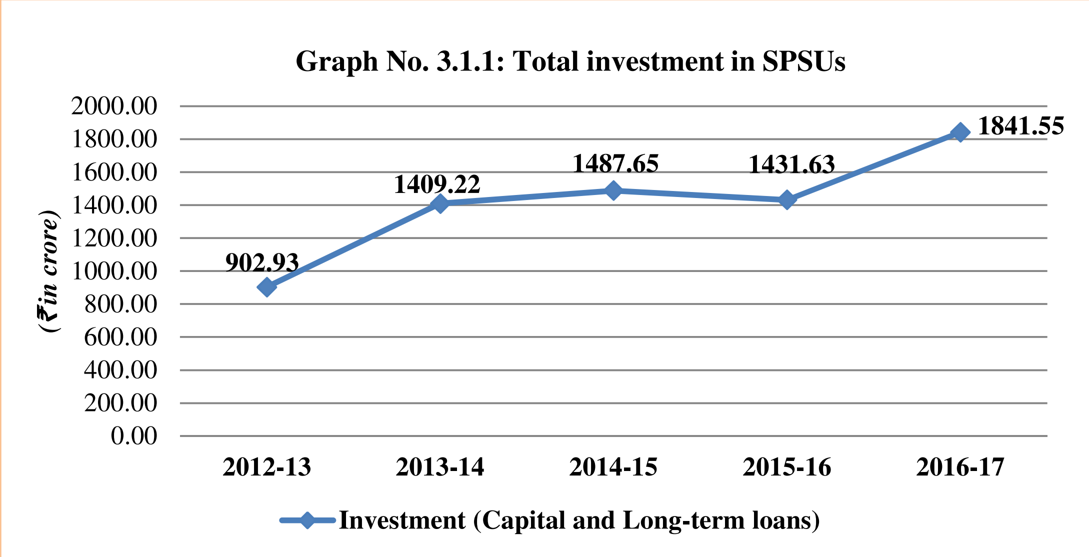
Table 3.1.2: Total investment in SPSUs

(₹ in crore)

Type of SPSUs	Government Companies			Statutory Corporations			Grand total
	Capital	Long term loans	Total	Capital	Long term loans	Total	
Working SPSUs	1,193.01	487.28	1,680.29	160.97	0.25	161.22	1,841.51
Non-working SPSUs	0.04	0.00	0.04	0.00	0.00	0.00	0.04
Total	**1,193.05**	**487.28**	**1,680.33**	**160.97**	**0.25**	**161.22**	**1,841.55**

Out of the total investment of ₹ 1,841.55 crore in SPSUs as on 31 March 2017, 99.99 *per cent* was in working SPSUs and the remaining 0.01 *per cent* in one non-working SPSU (*viz.* Tripura State Bank Limited). This total investment consisted of 73.53 *per cent* towards capital and 26.47 *per cent* in long-term loans. The investment has grown by 103.95 *per cent* from ₹ 902.93 crore (2012-13) to ₹ 1,841.55 crore (2016-17) as shown in **Graph 3.1.1**.

[9] Information as furnished by the SPSUs excepting two SPSU (Sl. No. A 6 and A 12 of **Appendix - 3.1.2**) investment figures for which have been adopted from their finalised accounts for 2016-17.



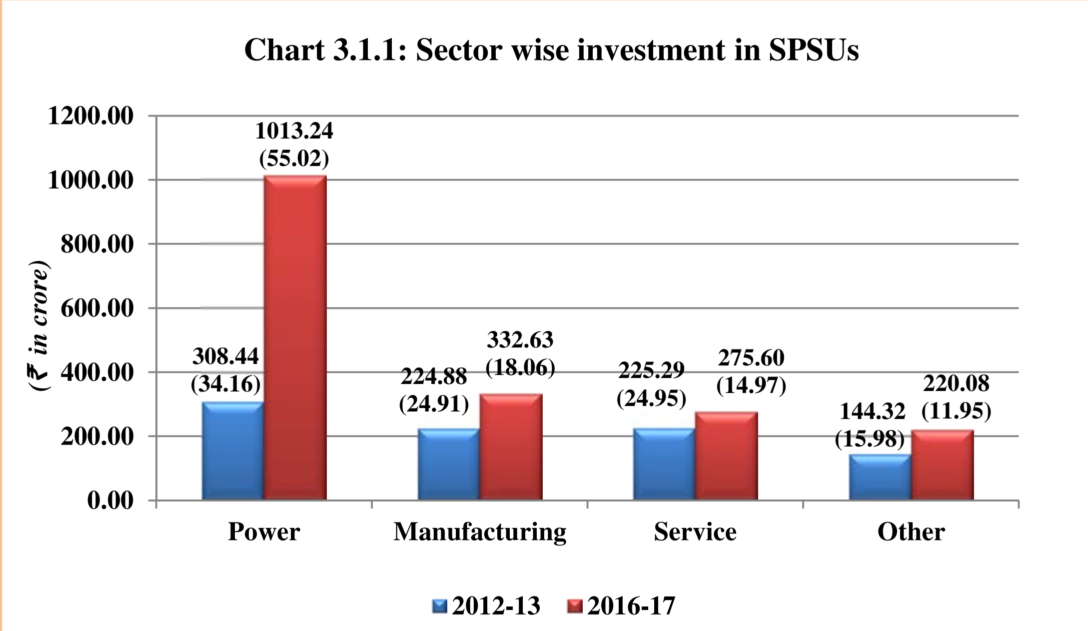
3.1.7 The sector wise summary of investments in the SPSUs as on 31 March 2017 is given in **Table 3.1.3**:

Table 3.1.3: Sector-wise investment in SPSUs

Name of Sector	Government / Other[10] Companies		Statutory Corporations	Total	Investment (₹ *in crore*)
	Working	Non-Working	Working		
Power	1	0	0	1	1,013.24
Manufacturing	2	0	0	2	332.63
Service	3	0	1	4	275.60
Finance	1	1	0	2	144.62
Agriculture & Allied	4	0	0	4	65.47
Miscellaneous	1	0	0	1	9.99
Total	**12**	**1**	**1**	**14**	**1,841.55**

The investment in four significant sectors and percentage thereof at the end of 31 March 2013 and 31 March 2017 are indicated in **Chart 3.1.1**. The thrust of investment in SPSUs was mainly in power sector which increased from 34.16 *per cent* to 55.02 *per cent* during 2012-13 to 2016-17.

[10] 'Other Companies' as referred to under Section 139 (5) and 139 (7) of the Companies Act, 2013



(Figures in brackets show the percentage of total investment)

From **Chart 3.1.1**, it could be observed that as compared to the investment position in SPSUs during 2012-13, investments have increased in all the sectors as of 2016-17. The greatest increase in investment was in the power sector which registered an increase of ₹ 704.80 crore (228.50 *per cent*). This increase was mainly due to conversion of capital reserve[11] (₹ 545.46 crore) into equity and issuing of share capital there against by the power sector SPSU {Tripura State Electricity Corporation Limited (TSECL)} in favour of the State Government during the year 2012-13.

The increase of investment (47.91 *per cent*) under manufacturing sector was mainly due to equity contribution of ₹ 107.75 crore provided by the State Government to Tripura Jute Mills Limited (₹ 91.63 crore) and Tripura Small Industries Corporation Limited (₹ 16.12 crore) during the period 2013-17.

Special support and returns during the year

3.1.8 The State Government provides financial support to SPSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, waiver of loans and interest in respect of SPSUs during three years ended 2016-17 are given in **Table 3.1.4**.

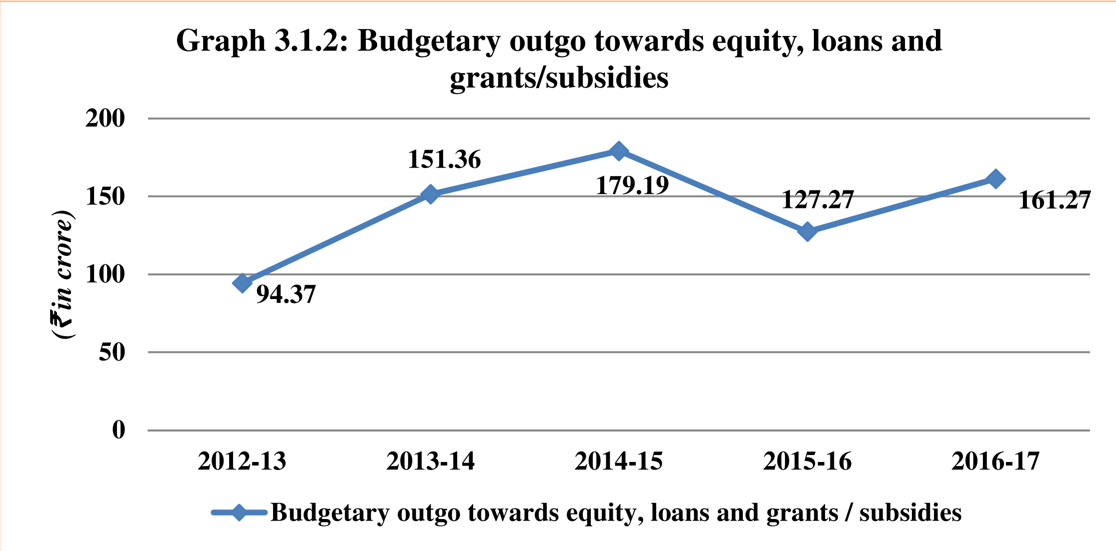
[11] This represents the value of assets transferred by State Government (Power Department) to TSECL (Company) when the activities in power sector were transferred (2007) to the Company.

Table 3.1.4: Details regarding budgetary support to SPSUs

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity capital outgo from budget	6	38.88	6	38.48	7	60.74
2.	Loans given from budget	1	12.00	-	-	1	13.25
3.	Grants/subsidy from budget	6	128.31	5	88.79	5	87.28
4.	**Total Outgo (1+2+3)[12]**	**11**	**179.19**	**10**	**127.27**	**9**	**161.27**
5.	Waiver of loans and interest	-	-	-	-	-	-
6.	Guarantees issued	-	-	-	-	-	-
7.	Guarantee commitment	-	-	-	-	-	-

The graphical presentation of the budgetary outgo towards equity, loans and grants/subsidies for the past five years has been given in **Graph 3.1.2**.



As could be seen from **Graph 3.1.2**, the budgetary outgo to the SPSUs during 2012-13 to 2016-17 had shown a mixed trend. The budgetary outgo to SPSUs was at the peak during 2014-15 (₹ 179.19 crore) and lowest during 2012-13 (₹ 94.37 crore). During 2016-17, however, the budgetary outgo to SPSUs (₹ 161.27 crore) had increased significantly (by 26.71 *per cent*) as compared to the budgetary outgo (₹ 127.27 crore) extended during 2015-16. The major beneficiaries of budgetary outgo during 2016-17 were Tripura State Electricity Corporation Limited (grant/subsidy: ₹ 57.17 crore), Tripura Jute Mills Limited (equity: ₹ 31.11 crore), Tripura Handloom and Handicrafts Development Corporation Limited (equity: ₹ 11.00 crore and grant/subsidy: ₹ 11.00 crore) and Tripura Road Transport Corporation (grants: ₹ 16.58 crore).

[12] Actual number of SPSUs, which received equity, loans, grants/subsidies from the State Government

Reconciliation with finance accounts

3.1.9 The figures in respect of equity and loans provided by the State Government as per the records of SPSUs should agree with the corresponding figures appearing in the Finance Accounts of the State. In case the figures do not agree, the SPSUs concerned and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2017 is given in **Table 3.1.5**.

Table 3.1.5: Equity, loans, guarantees outstanding as per the Finance Accounts *vis-à-vis* records of SPSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	1,269.53	1,348.80	79.27
Loans	56.90 [13]	206.29	149.39
Guarantee	Nil	Nil	Nil

Audit observed that the differences in the figures of equity and loans occurred in respect of 11 SPSUs [14] and 2 SPSUs[15] respectively. It could be seen from **Table 3.1.5** that during 2016-17, the differences in the figures of equity and loans were to the tune of ₹ 79.27 crore and ₹ 149.39 crore respectively. Audit observed that differences in the corresponding figures of equity and loans during the year 2015-16 were to the tune of ₹ 68.25 crore and ₹ 85.96 crore respectively. During the year 2016-17, thus, the un-reconciled differences in the State Government investment towards equity and loans of SPSUs had increased by ₹ 11.02 crore (16.15 *per cent*) and ₹ 63.43 crore (73.79 *per cent*) respectively. The State Government and the SPSUs should take concrete steps to reconcile the differences in a time-bound manner.

Arrears in finalisation of accounts

3.1.10 The financial statements of the Companies for every financial year are required to be finalised within six months from the end of the relevant financial year *viz.* by September end in accordance with the provisions of Section 96 (1) of the Companies Act, 2013 (Act). Failure to do so may attract penal provisions under Section 99 of the Act. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Table 3.1.6 provides the details of progress made by working SPSUs in finalisation of accounts as of 30 September 2017.

[13] Loans includes State Government loan to TSECL (₹ 56.75 crore) for power projects.
[14] SPSUs at Sl. Nos. A.1, A.2 and A.4 to A.11 and B.1 of **Appendix 3.1.2**
[15] SPSUs at Sl. Nos. A.8 and B.1 of **Appendix 3.1.2**

Table 3.1.6: Position relating to finalisation of Accounts of working SPSUs

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1.	Number of working SPSUs	13	13	13	13	13
2.	Number of Accounts finalised during the year	19	12	11	16	13
3.	Number of Accounts in arrears	20	21	23	20	20
4.	Number of Working SPSUs with arrears in Accounts	10	11	12	12	11
5.	Extent of arrears (number in years)	1 to 3 years	1 to 5 years	1 to 6 years	1 to 2 years	1 to 3 years

As could be observed from the **Table 3.1.6**, only 2[16] out of 13 working SPSUs had prepared their up-to date accounts as on 30 September 2017. The remaining 11 working SPSUs had a backlog of 20 accounts for periods ranging from 1 to 3 years. The said arrear of twenty accounts included backlog of three accounts each in respect of two Companies, two accounts each in respect of four Companies and one Statutory Corporation, and one accounts each in respect of four Companies as detailed in **Appendix- 3.1.2**.

The administrative departments concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by the SPSUs within the stipulated period. During the period 2016-17 (upto September 2017), the departments concerned were informed (June 2017 and September 2017) regularly of the arrears in finalisation of accounts by these SPSUs. In addition, the Accountant General (AG) had also taken up (February 2017) the matter with the Chief Secretary, Government of Tripura for liquidating the arrears of accounts and drawing special attention to the importance of preparation of accounts on time. Despite all these efforts, however, the aggregate arrears of accounts of working SPSUs as of September 2017 remained unchanged at 20 accounts, which was existing during last year.

3.1.11 The State Government had invested ₹ 237.23 crore in 9 SPSUs (equity: ₹ 48.11 crore, loans ₹ 13.25 crore and grants ₹ 175.87 crore) during the years for which these SPSUs had not finalised their accounts as detailed in **Appendix - 3.1.1**. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not. State Government's investment in such SPSUs, thus, remained outside the control of State Legislature.

Placement of Separate Audit Reports

3.1.12 The position depicted in **Table 3.1.7** shows the status of placement of SARs issued by the CAG (up to 30 September 2017) on the accounts of the Statutory Corporation (only one) in the State Legislature.

[16] Tripura Natural Gas Company Limited and Tripura Jute Mills Limited.

Table 3.1.7: Status of placement of SARs in Legislature

Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government
1.	Tripura Road Transport Corporation (TRTC)	2011-12	2012-13 2013-14	25-11-2016
			2014-15	17-02-2017

It could be observed from the **Table 3.1.7**, the SARs issued by the CAG on the accounts of TRTC for the years upto 2011-12 were placed in the State Legislature by the Government. The SARs issued by the CAG on the accounts of the Corporation for the subsequent three years *viz.* 2012-13, 2013-14 and 2014-15 were pending[17] to be placed in the State Legislature.

Impact of non-finalisation of accounts

3.1.13 As pointed out in **Paragraphs 3.1.10** and **3.1.11,** the delay in finalisation of accounts may result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. In view of the above state of arrears of accounts, the actual contribution of SPSUs to the GSDP for the year 2016-17 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that:

a. The State Government may set up a cell to oversee the clearance of arrears and set the targets for individual SPSUs, which would be monitored by the cell.

b. The State Government may ensure that existing vacancies in the accounts department of SPSUs are timely filled up with persons having expertise and experience.

Performance of SPSUs as per their latest finalised accounts

3.1.14 The financial position and working results of working State Government Companies and the only Statutory Corporation are detailed in **Appendix- 3.1.2**. A ratio of SPSU-turnover to GSDP shows the extent of SPSU activities in the State economy. **Table 3.1.8** provides the details of working SPSU-turnover and GSDP for a period of five years ending 2016-17.

[17] As informed (September 2017) by Tripura Legislative Assembly, the SARs were pending for placement in the Legislature due to non-receipt of a Notice from Department concerned for laying of the Reports.

Table 3.1.8: Details of working SPSUs-turnover *vis-à-vis* GSDP

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Turnover[18]	466.52	539.43	548.84	706.39	869.27
GSDP[19]	21,663.20	24,100.27	28,870.68	32,861.70 (P)	36,879.70 (A)
Percentage of Turnover to GSDP	2.15	2.24	1.90	2.15	2.36

As could be observed from **Table 3.1.8**, the turnover of the working SPSUs showed a continuous growth during 2012-13 to 2016-17. The year-wise percentage of SPSU-turnover to GSDP had also appreciated in all years excepting one year (2014-15) as the growth in the SPSU-turnover during 2014-15 did not commensurate with the increase in the GSDP during that year. The significant increase in SPSU-turnover during 2015-16 (₹ 157.55 crore) and 2016-17 (₹ 162.88 crore) was mainly due to increase of ₹ 160.68 crore (2015-16) and ₹ 167.85 crore (2016-17) in the turnover of the power sector company {Tripura State Electricity Corporation Limited (TSECL)} as compared to the preceding year.

Erosion of capital due to losses

3.1.14A The paid-up capital and accumulated losses of 13 working SPSUs as per their latest finalised accounts as on 30 September 2017 were ₹ 1,324.59 crore and ₹ 773.39 crore respectively **(Appendix 3.1.2)**. Analysis of investment and accumulated losses of these SPSUs revealed that the accumulated losses (₹ 371.59 crore) of 2[20] working SPSUs had completely eroded their paid-up capital (₹ 247.06 crore).

Accumulation of huge losses by these SPSUs had eroded public wealth, which is a cause of serious concern.

3.1.15 Overall losses[21] incurred by 13 working SPSUs during 2012-13 to 2016-17 are depicted in **Chart 3.1.2.**

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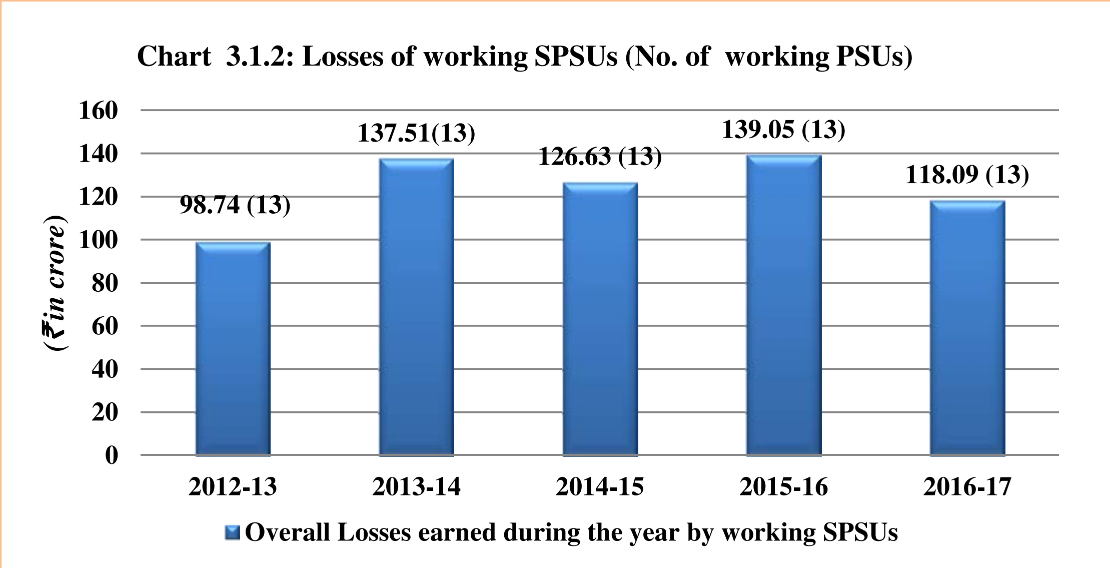
[18] Turnover as per the latest finalised accounts of SPSUs as on September 2017

[19] GSDP figures taken as per Quarterly Review Report of the Finance Minister for the 3rd Quarter of 2016-17; (P)=Provisional, (A)=Advance

[20] Tripura Handloom and Handicrafts Development Corporation Limited (paid-up capital: ₹ 86.09 crore; accumulated losses: ₹ 98.58 crore) and Tripura Road Transport Corporation (paid-up capital: ₹ 160.97 crore; accumulated losses: ₹ 273.01 crore.

[21] As per the latest finalised accounts of working SPSUs as on 30 September of the respective year.



(Figures in brackets show the number of working SPSUs in respective years)

From **Chart 3.1.2**, it could be seen that the working SPSUs incurred losses during all the five years under reference. Significant losses incurred by working SPSUs during 2012-13 to 2016-17 were mainly due to heavy losses incurred by the power sector SPSU (*viz.* TSECL) during the said five years, which ranged between ₹ 79.96 crore (2016-17) and ₹ 107.44 crore (2014-15).

During the year 2016-17, out of 13 working SPSUs, 3 SPSUs earned aggregate profit of ₹ 11.97 crore, while 10 SPSUs incurred loss of ₹ 130.06 crore. Major contributor to profits of SPSUs was Tripura Natural Gas Company Limited (₹ 11.30 crore). Heavy losses were incurred by TSECL (₹ 79.96 crore), Tripura Jute Mills Limited (₹ 26.79 crore) and Tripura Handloom and Handicrafts Development Corporation Limited (₹ 9.12 crore).

3.1.16 Some other key parameters pertaining to SPSUs based on their latest finalised accounts as at the end of September of the respective year are given in **Table 3.1.9**.

Table 3.1.9: Key parameters of State PSUs

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Return on total Capital Employed (*per cent*)	Negative	Negative	Negative	Negative	Negative
Debt	276.20	205.91	245.46	140.56	487.53
Turnover[22]	466.52	539.43	548.84	706.39	869.27
Debt/Turnover Ratio	0.59:1	0.38:1	0.45:1	0.20:1	0.56:1
Interest Payments	10.33	10.50	10.54	0.69	1.62
Accumulated losses	348.03	489.43	634.48	762.48	773.39

From **Table 3.1.9**, it could be observed that during 2012-17, the overall debt position of the SPSUs showed a mixed trend. The outstanding debt of SPSUs during 2016-17

[22] Turnover of working SPSUs as per their latest finalised accounts as of 30 September of the respective year

mainly consisted of the borrowings of Tripura State Electricity Corporation Limited (₹ 347.48 crore) and Tripura Industrial Development Corporation Limited (₹ 128.41 crore). The accumulated losses of SPSUs had shown an increasing trend during the five years (2012-17). The said losses had increased by 122.22 *per cent* (₹ 425.36 crore) from ₹ 348.03 crore (2012-13) to ₹ 773.39 crore (2016-17). This was mainly due to the accumulated losses (₹ 288.17 crore) of the power sector SPSU (TSECL) as per its latest finalised accounts. The return on total capital employed during last five years from 2012-17 had been negative due to the heavy losses incurred by the SPSUs.

3.1.17 The State Government had not formulated any dividend policy regarding payment of minimum dividend by the SPSUs. As per their latest finalised accounts as on 30 September 2017, three SPSUs earned an aggregate profit of ₹ 11.97 crore. None of these SPSUs, however, had declared any dividend during the year 2016-17.

Winding up of non-working SPSUs

3.1.18 As on 31 March 2017, there was only one non-working SPSU (*viz.* Tripura State Bank Limited), which had been non-functional since 1971. The said SPSU was in the process of liquidation under Section 560 of the Companies Act, 1956. The State Government may expedite the process of winding up of the non-working SPSU.

Accounts Comments

3.1.19 Ten working Companies had forwarded 12 accounts to the Accountant General, Tripura during the year 2016-17 (October 2016 to September 2017). Nine accounts of eight Companies were selected for Supplementary Audit. The audit reports of Statutory Auditors appointed by the CAG and the Supplementary Audit conducted by the CAG indicate that the quality of maintenance of SPSU accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and the CAG are given in **Table 3.1.10**.

Table 3.1.10: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	1.13	5	6.32	1	0.28
2.	Increase in loss	2	6.98	6	7.16	5	7.83
3.	Non-disclosure of material facts	Nil	Nil	1	16.39	1	1.08
4.	Errors of classification	Nil	Nil	6	16.79	2	37.65

During the year, the Statutory Auditors had given qualified certificates on all 12 accounts. The compliance of companies with the Accounting Standards (AS) remained poor as there were six instances of non-compliance with the Accounting Standards in four accounts during the year. The audit comments were based mainly on the non-compliance with AS-4 (Contingencies and events occurring after the Balance

Sheet date), AS-12 (Accounting for grants), AS-15 (Employee Benefits) and AS-22 (Accounting for Taxes on Income).

Similarly, the only Statutory Corporation in the State (*viz.* Tripura Road Transport Corporation) for which the CAG is the sole auditor, had forwarded one year accounts (2014-15) to Accountant General, Tripura during the year 2016-17. The audit of the accounts forwarded by the Corporation had been completed and qualified audit certificate on the accounts was issued (February 2017).

Response of the State Government to Audit

Performance Audits and Paragraphs

3.1.20 For the Economic Sector (PSUs) Chapter of the Report of the CAG for the year ended 31 March 2017, one performance audit (PA) and one audit paragraph involving two Departments of the State Government (*viz.* Power Department and Industries and Commerce Department) were issued (May and August 2017) to the Principal Secretary of the respective Departments as well as to the respective SPSUs.

The findings of the performance audit were also discussed (7 November 2017) with the representatives[23] of the State Government/Company in the Exit Conference. The replies (November 2017) of the Company to the draft audit report as well as the views expressed by the representatives of the Company and State Government in the Exit Conference have been taken into consideration while finalising the report. The formal replies of the State Government in respect of the performance audit were, however, awaited (November 2017).

Follow up action on Audit Reports

Replies outstanding

3.1.21 The Reports of the CAG represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Tripura issued (July 1993) instructions to all administrative departments to submit replies (explanatory notes) to paragraphs/performance audits (PAs) included in the Audit Reports of the CAG within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the Committee on Public Undertakings (COPU). The position of replies/explanatory notes to paragraphs/ performance audits pending to be received from the State Government/administrative departments concerned is given in **Table 3.1.11**.

[23] The Exit Conference was attended by the Principal Secretary, Power Department, GoT, the CMD and senior officers of the Company and the Accountant General, Deputy Accountant General, *etc*.

Table 3.1.11: Explanatory notes not received (as on 30 September 2017)

Year of the Audit Report (Commercial/ SPSUs)	Date of placement of Audit Report in the State Legislature	Total performance audits and paragraphs included in the Audit Report		Number of performance audits/paragraphs for which explanatory notes were not received	
		Performance audits	Paragraphs	Performance audits	Paragraphs
2010-11	06-03-2012	1	2	Nil	Nil
2011-12	27-09-2013	1	3	Nil	2
2012-13	02-09-2014	1	3	1	1
2013-14	10-08-2015	1	3	Nil	3
2014-15	23-03-2016	1	2	Nil	2
2015-16	15-03-2017	1	Nil	1	Nil
Total		**6**	**13**	**2**	**8**

From **Table 3.1.11**, it could be seen that out of 19 paragraphs/performance audits included in the Audit Reports for the years from 2010-11 to 2015-16, explanatory notes to 10 paragraphs/performance audits in respect of four departments, which were commented upon, were awaited (November 2017).

Discussion of Audit Reports by COPU

3.1.22 The status of performance audits and paragraphs relating to SPSUs that appeared in the State Audit Reports and discussed by the COPU as on 30 September 2017 was as given in **Table 3.1.12**.

Table 3.1.12: Performance audits/paragraphs appeared in State Audit Reports *vis-à-vis* discussed by COPU as on 30 September 2017

Period of Audit Report	Number of performance audits/paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	Performance audits	Paragraphs	Performance audits	Paragraphs
2010-11	1	2	Nil	2
2011-12	1	3	Nil	Nil
2012-13	1	3	Nil	Nil
2013-14	1	3	Nil	Nil
2014-15	1	2	Nil	Nil
2015-16	1	Nil	Nil	Nil
Total	**6**	**13**	**Nil**	**2**

Compliance to Reports of the COPU

3.1.23 Action Taken Notes (ATNs) to 37 recommendations pertaining to 9 reports of the COPU presented to the State Legislature between November 2010 and February 2015 had not been received (November 2017) as indicated in **Table 3.1.13**:

Table 3.1.13: Compliance to COPU reports

Year of the COPU report	Total number of COPU reports	Total no. of recommendations in COPU report	No. of recommendations where ATNs not received
2010-11	4	22	9
2011-12	3	14	14
2012-13	Nil	Nil	Nil
2013-14	1	10	10
2014-15	1	4	4
2015-16	Nil	Nil	Nil
Total	**9**	**50**	**37**

These reports of COPU contained recommendations in respect of paragraphs pertaining to five departments of the State Government, which appeared in the reports of the CAG for the years 1989-90 to 2008-09.

It is recommended that the State Government ensure: (a) sending of replies to draft paragraphs/performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule; (b) recovery of loss/outstanding advances/overpayments within the prescribed period; and (c) revamping of the system of responding to audit observations.

Coverage of this report

3.1.24 This Chapter contains one performance audit report on “Operational Performance of Tripura State Electricity Corporation Limited (TSECL)” and one compliance audit paragraph relating to Tripura Industrial Development Corporation Limited. The Investment, Turnover, Equity, Return and percentage of Return on Equity (RoE) in respect of these two SPSUs as per their latest finalised accounts as on 30 September 2017 are given in **Table 3.1.14**.

Table 3.1.14: Key parameters of the SPSUs covered in the Report

Name of the PSU	Investment[24]	Turnover	Equity[25]	Return[26]	RoE
	(₹ *in crore*)				(*per cent*)
Tripura State Electricity Corporation Limited (TSECL)	816.13	688.31	432.66	(-) 79.63	Negative
Tripura Industrial Development Corporation Limited (TIDCL)	144.58	4.98	1.99	(-) 4.27	Negative
Total	**960.71**	**693.29**	**434.65**	(-) **84.23**	**Negative**

Source: Latest finalised Accounts of TSECL (2014-15) and TIDCL (2015-16) as on 30th September 2017

[24] Paid up Capital + Long term borrowings
[25] Equity represents paid up equity capital *plus* free reserves *plus* accumulated profits *minus* accumulated losses.
[26] Net profit after tax.

Disinvestment, restructuring and privatisation of SPSUs

3.1.25 No disinvestment, privatisation or restructuring of SPSUs occurred in the State of Tripura during the year 2016-17.

Power Department
(Tripura State Electricity Corporation Limited)

3.2 Operational performance of Tripura State Electricity Corporation Limited

The Tripura State Electricity Corporation Limited (Company) was incorporated (June 2004) as a wholly owned State Government Company after corporatisation of the power sector activities of the Power Department, Government of Tripura. This was in line with the Electricity Act 2003, for bringing about a more accountable and performance oriented commercial culture in the State power sector. The present audit was taken up to assess the performance of the Company covering the period of five years from 2012-13 to 2016-17 with focus on economy, efficiency and effectiveness of its operations. As of February 2018, the Company had finalised its accounts for the financial year upto 2014-15. For the purpose of present audit, the provisional figures for the years 2015-16 and 2016-17as compiled by the Company have been considered. The Company incurred losses during all the five years (2012-13 to 2016-17) covered in audit. The accumulated loss of the Company as of March 2017 stood at ₹ 333.33 crore.

Highlights:

The Company could operate only 7 generating units with 115 Mega Watt capacity out of the installed capacity of 152 Mega Watt in 12 units due to ageing and inefficiencies of the Generating Stations. The Company lost net potential sales revenue of ₹ 79.38 crore during 2012-13 to 2016-17 due to non-achievement of generation targets fixed by Central Electricity Authority.

(*Paragraphs 3.2.10 to 3.2.11*)

The Company incurred repair expenditure of ₹ 11 crore and sustained generation loss of 32.71 Million Units due to non-adherence to the recommendations of the Original Equipment Manufacturer and prescribed maintenance schedules.

(*Paragraph 3.2.13*)

The Company did not procure the entire power from Bongaigaon Thermal Power Station as per its share of allocation resulting in payment of infructuous capacity charges amounting to ₹ 21.88 crore.

(*Paragraph 3.2.18*)

For bulk power supplied to Manipur and Mizoram, the Company did not file tariff petition with the regulatory authority concerned for approval of tariff contrary to the agreement terms. The rates fixed were below the direct cost of generation resulting in loss of ₹ 11.77 crore during 2014-16. The Company also sustained loss of ₹ 2.22 crore due to selling power to two States in excess of allocable share and not claiming late payment surcharge.

(*Paragraphs 3.2.20 to 3.2.23*)

Transmission and Distribution (T&D) losses remained beyond the permissible limits fixed by Tripura Electricity Regulatory Commission. As a result, the Company lost potential revenue amounting to ₹ 151.71 crore during 2012-13 to 2016-17.

(*Paragraph 3.2.25*)

Sixty eight *per cent* of the Remote Terminal Units (RTUs) of the Company were not reporting the real time data to State Load Despatch Centre. This had adverse effects on the real time supervisory and monitoring activities of the Company. The Company did not take corrective actions suggested by the internal auditors. The raid and inspection activities of the Company lacked transparency.

(*Paragraphs 3.2.36.2, 3.2.36.4 and 3.2.37*)

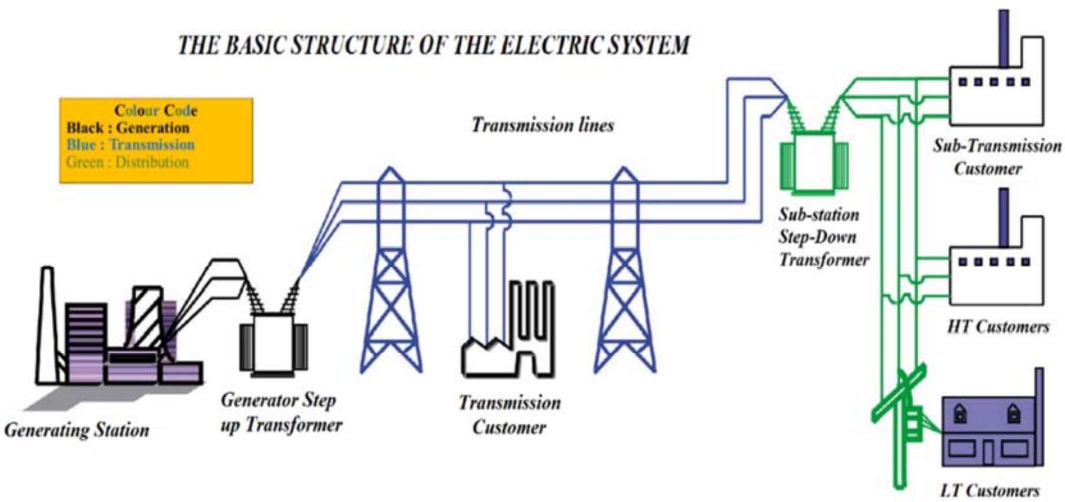
The consumer grievances redressal mechanism of the Company was inadequate and ineffective. Infrastructure created for ensuring ease in bill payment remained non-operational for more than 11 months after demonetisation (November 2016) of old currency notes by Reserve Bank of India.

(*Paragraphs 3.2.39 and 3.2.40*)

3.2.1 Introduction

Electricity is a form of energy which is created due to movement of electrons across the atoms. During generation of electricity, the generation station produces electricity at lower voltages of 11 kV to 25 kV. The voltage level is increased up to 765 kV[27] for transmitting the electricity to the consumers' location. The voltage level, however, needs to be brought down to appropriate level depending upon the category and capacity of the consumers. The basic structure of electricity supply system is given in **Figure 3.2.1.**

Figure 3.2.1: Electricity Supply System



[27] Existing maximum transmission voltage level in India

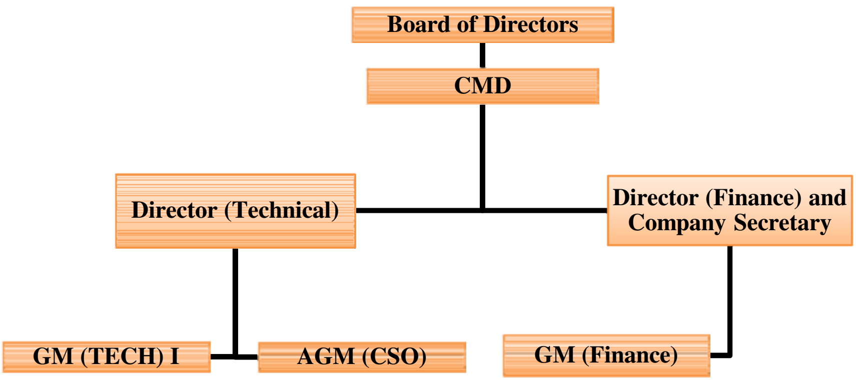
3.2.2 Background of the Company

The State segment of electricity supply activity in Tripura was under the direct control of the Department of Power, Government of Tripura (GoT) till 31 December 2004. The Tripura State Electricity Corporation Limited (Company) was incorporated (9 June 2004) as a wholly owned State Government Company after corporatisation of the power sector activities of the Power Department, Government of Tripura. This was in line with the Electricity Act 2003, for bringing about a more accountable and performance oriented commercial culture in the State power sector. The GoT transferred (1 January 2005) operational control of all the assets and allied activities relating to Generation, Transmission and Distribution of power to the Company. With the intention to transfer the generation activities of the Company, the GoT formed (January 2015) another company, namely, Tripura Power Generation Limited (TPGL). The transfer of the generation activities of the Company to TPGL was, however, pending finalisation (September 2017).

3.2.3 Organisational setup

The Company was functioning under the administrative control of the Department of Power, GoT. The Management of the Company was vested with the Board of Directors consisting of six members. The day-to-day operations of the Company were managed by the Chairman cum Managing Director (CMD) of the Company. The CMD was also the executive head of the Company.

Figure 3.2.2: Organisational chart



3.2.4 Scope of Audit

The Company had three activity segments *viz.* Generation, Transmission and Distribution of electricity. The Reports of the Comptroller and Auditor General of India, Government of Tripura for three years (2009-10 to 2011-12) contained three Performance Audits (PAs) relating to the Company. The said PAs covered the three segments of the Company's activities. The status of the discussion of the three PAs by the Committee on Public Undertakings (COPU) is given in **Table 3.2.1**.

Table3.2.1: Statement showing discussion of PA reports by COPU

Sl. No.	Name of the PA	Period Covered	Featured in Audit Report	Discussion by COPU
1	PA of the Power Generating Stations-Tripura State Electricity Corporation Limited	2005-06 to 2009-10	2009-10	Partially discussed on 30 May 2012, 20 January 2015 and 16 August 2016
2	PA of Power Distribution Utility	2006-07 to 2010-11	2010-11	Pending discussion.
3	PA on Power Transmission Activities of Tripura State Electricity Corporation Limited	2007-08 to 2011-12	2011-12	Pending discussion.

The present PA covered all three segments of Company's activities (Generation, Transmission and Distribution of electricity) for the period from 2012-13 to 2016-17. List of units covered for detailed examination is given in **Appendix 3.2.1**. The selection of samples for conducting the PA was made based on 'Judgmental Sampling Method'.

From the Generation segment, Audit selected all three generating stations as well as the lone Generation circle of the Company for detailed examination.

In Transmission segment, Agartala city was the main transmission hub connected with all major transmission lines in the State. Audit selected the two transmission divisions of the Company located in Agartala for detailed examination. Audit also examined the only Transmission circle of the Company, which was located in Agartala city.

In the Distribution segment, the Company had nine distribution circles in eight districts[28] of the State. Audit selected four[29] out of these nine circles (one each from northern and western regions and two from southern region) for scrutiny. The selected four circles contributed highest revenue within their respective regions. Audit covered 10 divisions[30] out of total 11 divisions functioning under these four circles.

The Commercial and System Operation Cell of the Company carried out activities relating to bulk power purchases and sales. This PA examined the records of this Cell as well as its two divisions.

3.2.5 Audit Objectives

The PA was conducted with a view to assess whether:

a. the activities of the Company relating to Generation, Transmission and Distribution of electricity were carried out economically, efficiently and effectively;

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[28] The Company had one distribution circle in each of the districts except for Tripura (West) District where there were two distribution circles.

[29] Northern Region: (i) Dharmanagar Electrical Circle, Western region: (ii) Banamalipur Electrical Circle, Southern Region: (iii) Gomati Electrical Circle and (iv) Sipahijala Electrical Circle

[30] Electrical Divisions (i) Dharmanagar, (ii) Panisagar, (iii) Banamalipur, (iv) Bordowali, (v) Capital Complex, (vi) Udaipur, (vii) Amarpur, (viii) Bishalgarh, (ix) Sonamura and (x) Jampuijala.

b. the monitoring and internal control system of the Company was adequate and effective; and

c. the Company was able to provide mandated services to the consumers in an efficient and effective manner.

3.2.6 Audit criteria

Audit criteria for this PA were derived from the following sources:

a. Relevant legislative and regulative framework viz., 'Electricity Act, 2003', statutes relating to pollution; Rules, Regulations by Central Electricity Authority (CEA), Central Electricity Regulatory Commission (CERC), Tripura Electricity Regulatory Commission (TERC);

b. Policy papers issued by GoI/GoT and the Company;

c. Agenda and minutes of meetings of the Board of Directors of the Company and its Committees; and record note of meetings with various Government Departments/ Agencies;

d. Agreements entered into by the Company with suppliers, consumers, *etc.*; and,

e. Best industrial practices as per the reports of Forum of Regulators and Ministry of Power, GoI.

3.2.7 Audit methodology

The PA commenced with an Entry Conference held (12 May 2017) with the Principal Secretary, Power Department, GoT, wherein audit objective, audit criteria and methodology were discussed. The audit conclusions were drawn after scrutiny of records, analysis of available data and response of the management to audit queries.

The draft PA report was also discussed with the representative[31] of the GoT/Company at an Exit Conference (7 November 2017). The replies (November 2017) of the Company to the draft PA report as well as the views expressed by the representatives of the Company and GoT in the Exit Conference have been appropriately taken into consideration while finalising the PA report. The replies of GoT to the draft PA report, however, were awaited (February 2018).

Audit Findings

3.2.8 Financial position and working results

As of February 2018, the Company had finalised its annual accounts up to the year 2014-15. The accounts of the Company for the last two years (2015-16 and 2016-17) were in arrears. The financial position and the working results of the Company for the

[31] The Exit conference was attended by the Principal Secretary, Power Department, GoT, the CMD and senior officers of the Company and the Accountant General, Deputy Accountant General, *etc*.

five years[32] from 2012-13 to 2016-17 is given in **Appendix-3.2.2** and **Appendix-3.2.3** respectively.

3.2.8.1 CERC had prescribed Debt-Equity ratio[33] (DE ratio) of 70:30, which was also followed by TERC. As could be observed from **Appendix 3.2.2**, the DE ratio of the Company during the period from 2012-13 to 2016-17 ranged between 40:60 (2014-15) and 52:48 (2016-17). As per the provisions of TERC (Tariff Regulation 2004), Return on Equity (ROE) formed part of Annual Revenue Requirement (ARR) and the Company was entitled to recover the same from the consumers as a component of tariff. During the period covered under this PA, TERC had trued up[34] tariff for the year 2012-13. It had further reviewed tariff for the year 2013-14. During this exercise, TERC allowed ROE on 30 *per cent* of the Net Fixed assets for the two years based on the DE ratio norms (70:30). Audit observed that during these two years, equity component of the total investments in the Company represented 59 *per cent* (2012-13) and 54 *per cent* (2013-14) of the assets. In order to avail optimum ROE against the entire equity investment made during these two years, the Company should have maintained the Debt-Equity mix in the prescribed ratio of 70:30 through corresponding increase in its long term debts. The Company could have utilised the long term debts so enhanced in creation and improvement of its infrastructure and expansion of its activities. The Company missed the opportunity to recover return amounting to ₹ 54.45 crore against ROE component of tariff due to not maintaining the prescribed Debt-Equity mix of 70:30.

The Management, in their reply (November 2017), assured to take necessary remedial measures to improve the Debt-Equity ratio.

The current assets of the Company during 2012-17 had appreciated significantly from ₹ 487.17 crore (2012-13) to ₹ 727.81 crore (2016-17) (**Appendix-3.2.2**). Audit observed that a significant portion of these current assets ranging from 69 to 71 *per cent* was blocked in liquid assets (*i.e.* cash and cash equivalents). Audit further observed that the Company had been holding high value of cash and cash equivalents mainly due to delay in making payment against power purchase bills during 2012-17. The Company also had to bear additional liability towards late payment surcharge (₹ 13.03 crore) during 2012-17 due to the said delay as discussed under **Paragraph 3.2.33**.

3.2.8.2 The Company incurred loss during all the five years covered by this PA *i.e.* 2012-13 to 2016-17 as depicted in **Appendix- 3.2.3**. The losses ranged between ₹ 107.44 crore (2012-13) and ₹ 27.56 crore (2016-17). The accumulated losses of the Company as on 31 March 2017 stood at ₹ 333.33 crore. Head-wise components of

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[32] For 2015-16 and 2016-17, provisional figures as compiled by the Company had been considered.

[33] Formula of Debt equity ratio prescribed by Forum of regulator

$$\text{Debt : Equity} = \frac{\text{Long term debt + Short term debt}}{\text{Equity + Reserve + Accumulated Profit (loss)-Misc. expenses not written off}}$$

[34] During truing up of tariff, the regulatory authorities concerned assess the financial and operational performance of the Company for a tariff period *vis-à-vis* pre-defined estimates and norms. The difference, if any, is adjusted in the tariff for the subsequent period.

revenue and expenditure of the Company during the last five years (2012-17) are depicted in **Chart 3.2.1** and **3.2.2**.

Chart 3.2.1: Head wise component of revenue
(*₹in crore*)

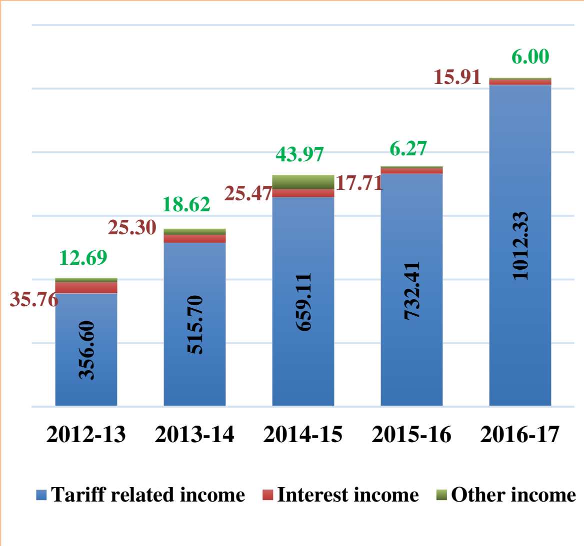
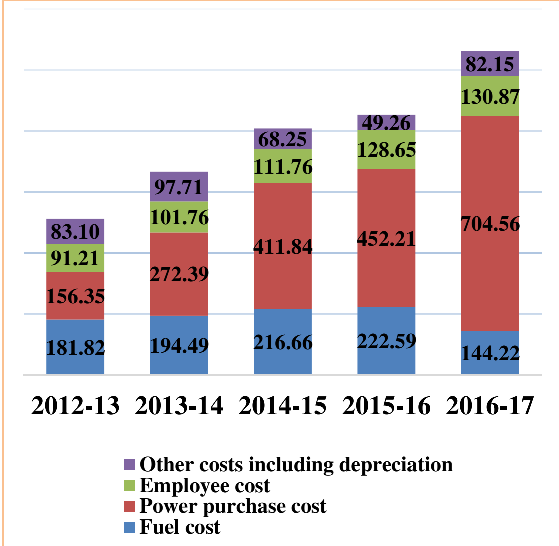


Chart 3.2.2: Head wise component of cost
(*₹in crore*)



It will be seen from **Chart 3.2.1** that the aggregate tariff related income[35] (₹ 3,276.15 crore) of the Company for the five years (2012-13 to 2016-17) constituted 94.04 *per cent* of total revenue earned (₹ 3,483.85 crore) during the said period. As shown in **Chart 3.2.2**, the combined cost of fuel and bulk power purchase (₹ 2,957.13 crore) during the corresponding period (2012-17) represented 75.79 *per cent* of total cost (₹ 3,901.85 crore). During the five years (2012-13 to 2016-17), the operational surplus margin of the Company had increased from 5.45 *per cent* (2012-13) to 19.27 *per cent* (2016-17). Among non-tariff income, Interest Income and Other Incomes represented 3.45 *per cent* and 2.51 *per cent* of total revenue respectively. Similarly, out of non-operating cost, Employees cost and Other costs[36] represented 14.46 *per cent* and 9.75 *per cent* of total cost. Considering all the components of revenue and cost, the Company incurred net loss during all the five years under reference i.e. 2012-13 to 2016-17.

3.2.9 Electricity Supply operations

As on 31 March 2017, the Company had two gas-based thermal stations[37] and one small-hydel station[38] (Gumti). In addition to the own generation of power from these stations, the Company had been availing allocations from Inter State Generating Stations (ISGSs) and Central Generating Stations (CGSs) located in the North-Eastern

[35] Indicate sale of power and related Government grant/subsidies
[36] Including Depreciation
[37] Rokhia with total install capacity 95 Mega Watt in seven units and Baramura with total installed capacity of 42 Mega Watt in two units.
[38] As per definition of Ministry of New & Renewable Energy, GoI, small hydel plant means a hydel plant having generating capacity from 2 MW to 25 MW. As on 31 March 2017, Gumti has total install capacity of 15 Mega Watt in its three units.

region. There had been an upward trend in quantity of power available [39] for the State (**Appendix 3.2.4**). This was due to commissioning of three new ISGS/CGSs during the period covered by this PA. With the improved power position of the State, the Company was able to sell surplus power in the inter-state market as well as to neighbouring country 'Bangladesh'[40].

Plant Management

3.2.10 Capacity utilisation

As on 31 March 2017, the three generation stations of the Company had install capacity of 152 MW[41] in their 12 units (**Appendix 3.2.4**). Out of these 12 units, the Company had been operating only 7 units (Capacity: 115 MW) for generating electricity. Audit observed that out of the unused five units (capacity: 37 MW), four units belonging to Rokhia GS[42] had outlived their useful life. The Company had to shut down the said four units due to unavailability of critical spares and lack of fuel efficiency. The fifth generating unit (Gumti GS) remained idle since 2010 for want of major repairs. The Company had not taken any effective steps either for life-extension/modernisation or decommissioning/auction of these five idle generating units. Further, the Company could not utilise the generating capacity of seven operational units to their optimal level as discussed under the succeeding paragraphs.

3.2.11 Plant Load Factor and Generation Target

Plant Load Factor (PLF) represents the ratio between actual generation and maximum possible generation indicating the actual capacity utilisation of a generating station. The PLF of seven operational units of the Company during the period covered under audit is given in **Table 3.2.2.**

Table 3.2.2: Capacity in use and PLF achieved

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16 *	2016-17
1	Capacity in use (MW)	110	115	115	115	115
2	Maximum possible Generation (MU) [43]	963.60	1,007.40	1,007.40	1,010.16	1,007.40
3	Generation Target as fixed by CEA (MU)	764.50	800.50	905.00	1142.50	763.50
4	Actual Generation (MU)	803.77	759.60	756.95	723.68	666.20
5	Plant Load Factor achieved (*per cent*) (4 ÷ 2)	83.41	75.40	75.14	71.64	66.13

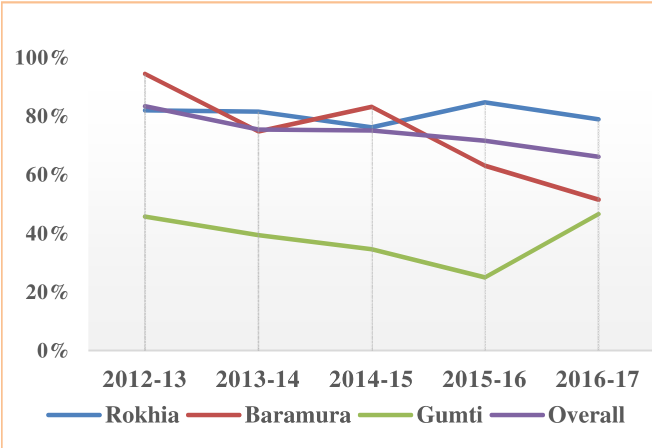
*2015-16 was a leap year. Accordingly, maximum possible generation has been calculated for 366 days.

As could be seen from **Table 3.2.2**, the overall PLF of the Company had been declining over the last five years. **Graph 3.2.1** indicates the overall and individual

[39] Own capacity, share of Inter State Generating Stations (ISGS) and Central Generating Stations (CGS)
[40] The Company entered (18 March 2016) into an agreement with NVVN for supply of 100 MW of power to Bangladesh round the clock.
[41] Mega Watt
[42] Of the four units, two units were withdrawn from active use during the year 2012-13.
[43] (Sl. No. 1 × 8760 hours (normal year) or 8784 hours (leap year). MU indicate Million Units *i.e.* 10 lakh kWh.

PLF achieved by the generating stations during five years from 2012-13 to 2016-17. As depicted in **Graph 3.2.1**, the overall PLF of generating stations had constantly declined during five years (2012-17). This was mainly due to decrease in PLF of Baramura GS from 94 *per cent* (2012-13) to 52 *per cent* (2016-17). The reduction in PLF of Baramura GS was due to higher outages and working of plant at lower capacity. The units of Gumti GS had also operated at a lower PLF (between 25 to 48 *per cent*) due to siltation and aging of units.

Graph 3.2.1: Plant Load factor



The Company could not achieve the generation targets fixed by the Central Electricity Authority (CEA) during last four years from 2013-14 to 2016-17 (refer **Table 3.2.2**). The shortfall in achievement of the generation targets was mainly attributable to low PLF of generating stations as discussed above.

Audit observed that Tripura had been a power surplus State during last three years (2014-15 to 2016-17) as mentioned under **Paragraph 3.2.9**. Any reduction in generation would, therefore, result in corresponding reduction in State's revenue through inter-state sale of surplus power. Audit analysis revealed that the Company lost net potential revenue of ₹ 79.38 crore[44] through sale of surplus power due to non-achievement of generation targets fixed by CEA during 2012-13 to 2016-17 as detailed in **Appendix 3.2.5.**

3.2.12 Plant Availability

Plant availability indicates the total number of hours the plant actually remain operational during a specified period after netting off the planned and forced outages[45] for that period. The plant availability is, therefore, crucial to attain the generation targets. CERC had prescribed plant availability of 85 *per cent* for electricity Generating Stations (GSs)[46] as benchmark. The details of the plant availability and actual outages of the three GSs of the Company during the five years from 2012-13 to 2016-17 have been summarised in **Appendix 3.2.6**. As could be seen from the **Appendix,** the overall plant availability reduced from 89 *per cent* in 2012-13 to 77 *per cent* in 2016-17. This was mainly due to high forced outages in two GSs (*viz.* Baramura and Gumti). The Company, as such, could not achieve CERC norms

[44] Worked out based on the average Realisation rate of sale of power ***less*** Variable cost to generate (i.e. fuel cost)

[45] Forced outages are unscheduled outages due to unplanned repairs/maintenance of plant, plant being out of order, plant stopped due to grid constraints and other similar constraints, but not including planned outages (scheduled maintenance and outages due to non-availability of gas).

[46] TERC has not fixed any norms with regard to Plant Availability.

(85 *per cent*) of Plant availability during last three years (2014-15 to 2016-17) out of five years (2012-17). Audit examination, however, further revealed that during 2016-17, 44 *per cent* (6,137 hours) of total outages (13,919 hours) had occurred in two generating stations (Rokhia and Baramura) due to short supply of gas by suppliers.

3.2.13 Non-adherence to the prescribed maintenance schedule/recommendations of Original Equipment Manufacturer

Timely inspection of the combustion components and planned maintenance activities contribute to longer life of downstream parts. The Original Equipment Manufacturer (OEM) also prescribed periodic maintenance schedule for better performance and longer life of the equipment. The Company was required to adhere to maintenance schedules so prescribed by OEM to ensure long term sustainability of the generation units.

Unit-9 generation unit of Rokhia Generating Station was commissioned (31 August 2013) by Bharat Heavy Electricals Limited (BHEL). On 7 July 2014 (within the warranty period of 12 months), the Company observed abnormal increase in vibrations in GT Bearings-2 and Load Gear Box (LGB). BHEL advised (16 July 2014) to shut down the plant to conduct internal physical examination of plant. The Company ignored the advice of BHEL as the other unit (Unit 8) was already under shutdown for major inspection at that time. The Company, thereby, continued operating Unit 9 with periodic shut-down for short periods. The major inspection of Unit 8 could be taken up (July 2014) by the Company after more than two years of the original schedule (January 2012). Due to continued operation of Unit 9 under high vibrating conditions, the unit caught fire (24 July 2014). BHEL replaced the defective parts at a cost of ₹ 11 crore and the unit (Unit 9) was made operational with effect from 5 October 2014. Audit observed that the fault had occurred during the warranty period of the unit. BHEL, however, did not allow the repairing and replacement expenditure of the defective parts as the Company did not follow their recommendation to shut-down the unit. The Company, as such, had to bear the loss of ₹ 11 crore towards repairs cost of the unit. The Company had to further bear the loss of ₹ 5.07 crore towards net margin on the generation loss of 32.71 MU during the shut-down period.

The Management stated (November 2017) that delays in scheduled maintenance had not affected the performance of generating units. The Management further stated that the expenditure of ₹ 11 crore and generation loss was beyond its control.

The reply was not acceptable as these losses were caused due to non-adherence to the recommendation of BHEL to shut down Unit 9. Further, the Company had to forcibly keep Unit 9 operational despite the problem. This was due to the fact that the other unit (Unit 8) was already under shut to carry out the maintenance work behind the prescribed schedule at that time.

3.2.14 Fuel Management

The Company had two gas based thermal power generating stations (GSs), namely, Rokhia (21 MW × 3 units) and Baramura (21 MW × 2 units). Supply of the natural gas for operating these two GSs was from Oil and Natural Gas Corporation Limited (ONGC) and Gas Authority of India Limited (GAIL). The details of the gas supply agreements (Agreements) finalised by the Company with ONGC and GAIL are given in **Table 3.2.3**.

Table 3.2.3: Statement showing details of gas supply arrangements

Name of Supplier	Name of Plant	Periodicity of latest agreement	Nature of gas linkage	Daily contracted Quantity (MMSCMD[47])	Rate
GAIL	Rokhia	01 April 2008 for 5 years (extended)	APM[48]	0.50	APM rates as notified by Government from time to time
GAIL	Baramura		APM	0.20	
ONGC	Rokhia	1 April 2008 for 15 years	Additional	0.08 [49]	Rate as per agreement with annual 4 *per cent* increase
ONGC	Baramura	31 March 2010 for 15 years	Additional	0.20	

The agreements provided for minimum annual payments to gas suppliers as Annual Take or Pay Obligation (ATPO). The ATPO was equivalent to 90 *per cent* of the Annual Adjusted Contracted Quantity (AACQ). AACQ was to be determined by adjusting the Annual Contracted Quantity of gas towards shortfall[50] in supply of gas by the suppliers. To ensure steady cash flow to the gas supplier, however, the agreements provided for 'on account payment' against higher of bills for actual supplies or Monthly Minimum Guaranteed Off-take (MMGO) by the Company. The MMGO was equivalent to 85 *per cent* of monthly contracted quantity (*i.e.* number of days in a month × daily contracted quantity). The 'on account payment' so made against MMGO or actual supplies, as the case may be, was subject to yearly adjustment based on the ATPO bills at the end of each year. If the actual quantity supplied during the year was less than ATPO, the Company was entitled for free supply of make up gas equivalent to deficit in supplies.

3.2.15 Non receipt of gas as per linkages

The Company received 1,518.43 MMSCM[51] of gas during the period of five-years (2012-17) as against the total gas linkages of 1,788.58 MMSCM[52] of gas for the said period. Therefore, there was a shortfall of 270.15 MMSCM[53] in supply of gas by the suppliers. Due to short supply of gas caused by substantial drop of reservoir pressure

47 Million Standard Cubic Meter per Day
48 Administered Price Mechanism
49 Original quantity: 0.10 MMSCMD, reduced to 0.08 MMSCMD from November 2009
50 This shortfall could be on account of factors like force majeure events, scheduled maintenance up to 20 days (ONGC)/ 30 days (GAIL) as well as sellers' inability to supply gas, etc
51 GAIL: 1277.50 MMSCM ONGC : 511.08 MMSCM
52 Million Standard Cubic Meter
53 GAIL :78.55 MMSCM; ONGC: 191.60 MMSCM

at supplier's end, the Company had to run its plant under partial capacity. This resulted in loss of generation to the extent of 288.257 MU electricity during 2014-17, which could generate potential net revenue amounting to ₹ 50.48 crore[54]. The Company had not taken any action against the gas suppliers for compensating the said losses as per the options available under the gas supply agreements.

The Management stated (November 2017) that it had no control over the short supply.

The reply was not tenable as the Company should have taken action against the suppliers to compensate the generation loss caused due to short supply of gas as per the options available under the gas supply agreement. The said options included, making up of gas short supplied, adjustment of gas supply bills, claiming of discount for short supplies, *etc*.

3.2.16 Payment for Monthly Minimum Guaranteed Off-take Bills

As noted under **Paragraph 3.2.14**, the agreement provisions relating to 'on account payment' against higher of actual supplies or Monthly Minimum Guaranteed Off-take (MMGO) bills were for ensuring steady cash flow to supplier. The 'on account payment' so made by the Company was subject to final adjustment at the year-end based on the actual gas supplied as per the Annual Take or Pay Obligation (ATPO) bills of the supplier for the year concerned.

Audit observed that during 2012-17, one gas supplier (ONGC) had claimed 'on account payments' under 30 MMGO bills[55] against supply of 80 MMSCM of gas for Rokhia and Baramura Generating Stations (GSs) of the Company. Audit further observed that during the 2012-17, the two GSs had to bear generation loss due to short supply of gas by the supplier. The Company, therefore, should have adjusted the 'on account payments' made to ONGC against said short supplies.

Audit observed that during 2012-17, the supplier (ONGC) had raised ATPO bills only on two occasions (once for each of the two plants) to adjust the 'on accounts payments' made by the Company against MMGO bills. The Company did not take up the issue effectively with ONGC for regular adjustment of the 'on account payments' at the end of each year against shortfall in supplies on part of the supplier (ONGC). On the contrary, the ONGC had claimed (June 2017) the penal interest (₹ 32.93 lakh) against the payment (₹ 12.12 crore) withheld by the Company for adjustment towards short fall in supplies by ONGC.

Audit further observed that as per the gas supply contract with ONGC, the Company was entitled to claim discount in case of any shortfall in gas supply on account of the reasons attributable to the supplier. The Company, however, did not take up the matter with ONGC and settled the gas supply bills of ONGC without claiming the discount

[54] Calculated as a difference between average realisation rate and additional cost to generate unit lost.

[55] {(Rokhia total 23 bills relating to 2012-13 to 2014-15 and 2016-17) and (Baramura 7 bills for 2012-13, 2013-14 and 2014-15)}

against short supplies. The amount of the discount not claimed by the Company worked out to ₹ 1.94 crore[56] as per the contract terms.

The Management stated (November 2017) that the Company had not raised issue of making-up the short-supplied gas with the supplier because it had not paid the MMGO bills. The Management, however, assured that once the contracted supply was restored, it would take up the matter with the ONGC.

The reply was not tenable as the agreement provisions relating to 'on account payment' were meant only to ensure steady cash flow to the supplier, and final payment was to be governed by the ATPO bills based on the actual supply. The Company however, failed to effectively pursue the issue for adjusting the 'on account payments' made by it against shortfall in supplies on regular basis.

The reply was, however, silent on not claiming the discount from ONGC against short supplies of gas as per the contract terms.

Power Trading Activities

Purchase of Power

3.2.17 Power Purchase Agreements

The total installed capacity of the Company was not sufficient to meet the total demand of the State as a whole. The deficit was met mostly from its share of power from Inter State Generating Stations (ISGSs)/Central Generating Stations (CGSs) of the region as per the allocation by GoI. The total availability of power in the State was inadequate to meet the State demand till 2013-14 even after considering the power allocation from ISGSs/CGSs (**Appendix 3.2.4**). The Company entered into total 12 Power Purchase Agreements (PPAs) on long term/medium term basis. The PPAs were entered into with NEEPCO[57] (nine generating stations), NHPC[58] (one generating station), OTPC[59] (one generating station) and NTPC[60] (one generating station). Operations of these CGs/ISGSs were to be regulated as per the Rules/Regulations, orders, *etc*. notified by the CEA and CERC.

3.2.18 Payment of infructuous fixed charges

The Company had entered into (September 2007) a PPA with National Thermal Power Corporation Limited (NTPC) for purchase of power from its Bongaigaon Thermal Power Station (BgTPS). Scrutiny of bills and Regional Energy Accounting (REA) revealed that the Company did not schedule all the power from BgTPS as per the entitlement (148.739 MU). Audit observed that the Company had left 107.180 MU of power un-requisitioned during the period from April 2016 to March 2017. The terms of PPA provided for payment of capacity charges (fixed) by the Company based

[56] Worked out at 3 *per cent* (being minimum discount) of the deficit supplies at 90 *per cent* linkage.
[57] North Eastern Electric Power Corporation Limited
[58] National Hydroelectric Power Corporation
[59] ONGC Tripura Power Company Limited
[60] National Thermal Power Corporation Limited

on the power allocated without considering the actual power drawn. The Company was, thereby, liable to pay ₹ 21.88 crore towards capacity charges against the power not drawn/scheduled by it as per the allocation.

Audit observed that due to non-scheduling of all the allocated power from BgTPS as per its allocation, the unit cost of power from BgTPS increased upto ₹ 48.40/kWh (December 2016). The purchase of power from BgTPS, therefore, proved to be uneconomical and against the financial interests of the Company. The Company pursued (July 2016/January 2017) with the Ministry of Power, GoI through GoT for de-allocation of the power from BgTPS.

The Management accepted the audit observations and stated (November 2017) that the matter was under consideration of GoI.

3.2.19 Excess claim of surcharge on the Company

As per the Regulation 35 of CERC (Terms and Conditions of Tariff) Regulation-2009, if the payment of any power purchase bill was delayed by the beneficiary beyond a period of 60 days from the date of billing, the generating/transmission licensee was entitled to levy a late payment surcharge on the beneficiary concerned at the rate of 1.25 *per cent* per month (revised to 1.50 *per cent* per month vide Tariff Regulation 2014). As per the PPAs entered with NEEPCO, the levy of surcharge was to be governed by CERC regulations issued from time to time.

NEEPCO had claimed late payment surcharge from the Company on the unpaid power purchase bills (₹ 65.51 crore) relating to the periods prior to 2014-15. Audit observed that while claiming the late payment surcharge, NEEPCO did not allow the grace period of 60 days from the date of issue of power purchase bills contrary to the terms of PPAs. The Company, as such, had to bear an additional surcharge liability of ₹ 1.54 crore on this account. For the subsequent periods, however, NEEPCO had levied the late payment surcharge after allowing the grace period of 60 days as per the terms of the PPAs.

The Management assured (November 2017) to take up the matter with NEEPCO. Further development in the matter was awaited (November 2017).

3.2.20 Bulk Sale of power to Manipur and Mizoram

The Company entered into (November 2006) a Bulk Power Supply Agreement with Government of Manipur and Government of Mizoram for sale of power from Baramura Generation Station (BGS) of the Company. The tariff for sale of power under the agreement was to be fixed by TERC/CERC[61]. In addition to the power purchase cost, Manipur and Mizoram were also required to pay the 'wheeling charges' to the Company for evacuation of power from the plant through Company's transmission system. In terms of agreement, the Company was required to file tariff

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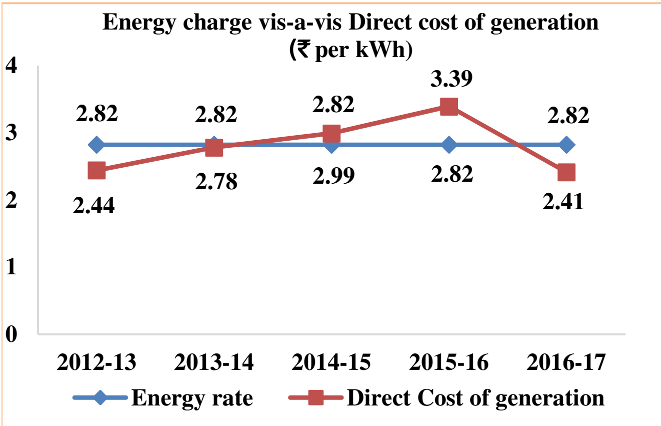
[61] As per the Section 79 (1)(b) of the Electricity Act 2003, the CERC was required to regulate tariff of generating companies if such generating companies enter into or otherwise have a composite scheme for generation and sale of electricity in more than one State.

petition with TERC/CERC within six months after signing of the agreements. The Company again entered (2011) into similar agreements with the Governments of two States (Manipur and Mizoram) for sale of power from Unit V of BGS. The audit observations in this regard are discussed in the succeeding paragraphs.

3.2.21 Sale below direct cost of generation

During the period covered by this PA, the Company had been billing Manipur and Mizoram at ₹ 3.012 per unit. The per unit sale price of electricity included energy cost (₹ 2.82 per unit) and wheeling charges (₹ 0.192 per unit). Audit, however, observed that the Company did not file any tariff petition with the regulatory authorities concerned for approval of tariff for bulk sale to Manipur and Mizoram in line with the provisions of the power supply agreement.

Graph 3.2.2



Audit analysed the per unit sale price of energy billed by the Company *vis-à-vis* the actual cost of generation of the plant during five years (2012-17). Audit observed that the energy rates charged by the Company against bulk supply of power to two States, were not sufficient to recover even the direct cost[62] of generation during two years (2014-15 and 2015-16) **(Graph 3.2.2)**. The Company could generate revenue of ₹ 90 crore against the direct cost of ₹ 101.77 crore of energy supplied to Manipur and Mizoram during the two years under reference.

As a result, the Company incurred loss amounting to ₹ 11.77 crore during 2014-15 and 2015-16. In addition to the direct cost, the Company also incurred indirect costs like depreciation, allocable cost of head office, cost of working capital, cost of capital (*i.e.* interest on debt, return on equity), *etc*. Audit observed that based on the quantum of power supplied to Mizoram and Manipur, 50 *per cent* of the depreciation relating to the assets[63] of BGS plant was allocable to these two States. During the three years (2012-15[64]), the Company had charged total depreciation of ₹ 17.14 crore on the assets of BGS. Audit observed that the depreciation to the extent of ₹ 8.57 crore was allocable to the power supplied to Mizoram and Manipur. The Company, however, could not recover any indirect costs allocable to BGS against sale of power to two States, which also included the depreciation (₹ 8.57 crore). The Company was, as such, unable to recover even the cost of generation to the full extent from the sale proceeds due to fixation of per unit sale price at lower side.

[62] Consist of cost of fuel, Employee cost of manpower posted in the plant and Repairs cost.
[63] More than 97 *per cent* of the assets of BGS represented plant and machineries.
[64] The Company had not finalised its accounts for subsequent years (viz. from 2015-16 onwards)

The Management stated (November 2017) that the additional cost during the year 2014-15 and 2015-16 occurred due to short supply of gas, which necessitated plant operations at partial load.

The reply was not tenable as the Company should have fixed the per unit sale price of electricity to two States after considering the actual cost of generation.

The Management further did not offer any comment on non-filing of the tariff petition to the appropriate regulatory authorities for finalisation of tariff in accordance with the PPA conditions.

3.2.22 Loss due to selling of additional power to Manipur and Mizoram

As per the Clause 1 of the Memorandum of Understanding, the Company was required to supply 50 *per cent* of power generated from Baramura Generation Plant (BGS) to Mizoram and Manipur in equal proportion. During the period covered under audit (2012-17), BGS generated 1,351 MU of power. Accordingly, the Company was required to sell 675.48 MU (*i.e.* 50 *per cent* of 1,351 MU) of power to Manipur and Mizoram at the rate of 337.75 MU each. Audit observed that during 2012-17, the Company sold 749.49 MU of power to these two States[65]. The power sold to of the two States was more than the allocated share by 74.01 MU. The generation cost of BGS was more than the tariff realised as discussed under **Paragraph 3.2.21**. The Company, therefore, sustained an additional revenue loss of ₹ 1.14 crore[66] by selling power in excess of allocable share to Manipur and Mizoram.

The Management stated (November 2017) that the additional cost incurred by the Company was abnormal, hence, it was not comparable with the sale of power to Mizoram and Manipur.

The reply was not tenable as only the regulatory authorities (CERC/TERC) are competent to decide on the admissibility of various element of cost. Further, the cost as worked out in audit covered only direct cost, while other indirect costs admissible as per the Tariff Policy were not taken into account in absence of sufficient data with the Company.

3.2.23 Non-raising of surcharge bills

As per the provisions of CERC's Tariff Regulations[67], the Company was to allow rebate of two *per cent* or one *per cent,* if, the payments against the power supply bills were made by the purchaser (beneficiary) within 2 days or 30 days from the date of billing respectively. In case, however, the beneficiaries failed to make payments within 60 days of the billing date, the Company was entitled to levy monthly

[65] Mizoram = 370.48 MU and Manipur = 379.01 MU

[66] Being sum of difference between the direct cost of generation and energy rate multiplied by additional quantity power supplied during that particular year

[67] Regulation 34 and 35 of the CERC (Terms and Conditions of Tariff) Regulations, 2009. For the period subsequent to 01 April 2014, similar provisions contained in Regulation 44 and 45 of CERC (Terms and Conditions of Tariff) Regulations, 2014

surcharge of 1.25 *per cent* (1.50 *per cent* per month with effect from 1 April 2014) on the bill amount.

The Company had accordingly, allowed rebate of ₹ 0.32 crore against 65 bills paid by two States (Mizoram and Manipur) within 30 days (including 2 bills paid within 2 days) of issuing the bills. Scrutiny of records, however, revealed that the two beneficiaries had delayed making payments against 88 bills by more than 60 days. Accordingly, the beneficiaries (Manipur and Mizoram) were liable to pay late payment surcharge of ₹ 1.60 crore. Audit observed that the Company raised surcharge bills for power supplied upto 2011-12 only and stopped raising surcharge bills for subsequent periods (2012-13 to 2016-17) without any recorded justification. This resulted in non-recovery of revenue amounting to ₹ 1.28 crore during the period covered under audit.

While accepting audit findings, the Company intimated (November 2017) about initiating the process of raising the claims for late payment surcharge. Further development on the issue was awaited (November 2017).

3.2.24 Aggregate Technical and Commercial Losses

As per the Annual Report of Planning Commission on the working of State Electricity Boards and Electricity Departments, the Transmission and Distribution (T&D) loss of Tripura for the years 1991-92 to 1999-2000 ranged between 28 *per cent* (1999-2000) and 32 *per cent* (1991-92). During the period covered in audit, the yearly T&D loss ranged between 27.17 (2016-17) and 32.28 *per cent* (2013-14), which indicated no significant improvement in the T&D loss position in Tripura in more than a decade.

Energy losses occur in the process of supply of electricity to consumers on account of various factors like energy dissipated in the conductors, transformers and other equipment used for transmission, transformation and distribution of power, *etc*. These technical losses are inherent in the system and could not be avoided beyond a certain level. On the other hand, pilferage by hooking, bypassing meters, defective meters, errors in meter reading and underestimating the un-metered supply of energy are the main causes for commercial losses. When commercial losses are added to technical losses, it gives Transmission & Distribution (T&D) loss. There is another component of commercial loss which is attributable to non-recovery of the billed amount and the same is reflected in collection efficiency. T&D losses combined with the loss in revenue collection gives us Aggregate Technical & Commercial (AT&C) losses.

3.2.25 Revenue loss due to excess T&D loss

TERC had fixed T&D loss targets at 25 *per cent* and 22 *per cent* for the years 2012-13 and 2013-14 respectively while allowing provisional tariff for these years. The Company, however, could not achieve the said T&D loss targets during both the years. During the period covered under audit, TERC had trued up[68] tariff for the year

[68] During truing up of tariff, the regulatory authorities concerned assess the financial and operational performance of the Company for a tariff period *vis-à-vis* pre-defined estimates and norms. The difference, if any, is adjusted in the tariff for the subsequent period.

2012-13 while it had reviewed tariff for the year 2013-14. During the process, TERC had analysed the total power available (own generation *plus* power purchases), total power sold (bulk as well as domestic sale), auxiliary consumption and the inherent transmission loss in the Central grid. Considering these factors, TERC had disallowed the T&D loss in excess of the prescribed targets as per the details given in **Table 3.2.4**.

Table 3.2.4: Value of excess T&D loss disallowed by TERC

Year	Gross energy available (MU)	Permissible T&D loss (after deducting loss in Central grid loss, Auxiliary consumption, *etc.*) (MU)	Excess T&D loss (MU)	Unit rate (MU)	Value of excess T&D loss disallowed and adjusted by TERC in the ARR (*₹in crore*)
2012-13	1,230.43	227.68	96.07	3.11	29.92
2013-14	1,364.32	200.90	142.45	3.30	46.97
Total	**2,594.75**	**428.58**	**238.52**	**--**	**76.89**

Source: TERC Tariff orders for the year 2012-13 and 2013-14

As could be observed from **Table 3.2.4,** TERC had disallowed the T&D loss valuing ₹ 76.89 crore in excess of the prescribed targets for these two years (2012-14). The disallowed portion of T&D loss was taken as notional revenue and deducted from Annual Revenue Requirement (ARR).

Similarly, TERC had fixed T&D loss target of 22 *per cent* for the year 2014-15. TERC had not fixed T&D loss targets for subsequent years as the Company did not file the tariff petition for 2015-16 and 2016-17. Audit analysed the actual T&D losses of the Company during the years from 2014-15 to 2016-17. There had been a downward trend in the T&D losses of the Company during the said three years (2014-17). However, the T&D losses still ranged between 27.17 *per cent* and 30.08 *per cent*. Audit had considered the T&D target for 2015-16 and 2016-17 at the level of 22 *per cent* fixed for 2014-15. Based on this, the Company sustained an aggregate loss of ₹ 74.82 crore on account of excess T&D loss for three years (2014-17) as shown in **Table 3.2.5**.

Table 3.2.5: Loss due to excess T&D loss during 2014-17

Year	Target[69] (*per cent*)	Energy at State Bus (MU)	Energy Sold (MU)	Actual Loss (3 – 4) ÷ 3 × 100 (*per cent*)	Excess Loss (5-2) (*per cent*)	Excess Loss (3 × 6) (MU)	Unit rate (*in ₹*)	Loss (3×8) (*₹in crore*)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2014-15	22	1,124.346	786.117	30.08	8.08	90.847	3.28	29.80
2015-16	22	1,156.824	813.055	29.72	7.72	89.307	2.83	25.27
2016-17	22	1,189.794	866.564	27.17	5.17	61.512	3.21	19.75
Total		**3,470.964**	**2,465.718**	**28.96**	**6.96**	**241.666**	**--**	**74.82**

Sources: Target: TERC, Energy: Energy Accounting report of the Company, Unit Rate: Annual Accounts.

[69] As the T&D loss targets for 2015-16 & 2016-17 had not been fixed, the target set by TERC for the year 2014-15 was considered by audit for the years 2015-16 and 2016-17.

The Management stated (November 2017) that high T&D loss occurred due to extension of rural electrification as well as aging of the distribution system.

The reply was not tenable as the impact of rural electrification on the overall T&D loss was already analysed by TERC while disallowing excess losses mentioned in **Table 3.2.4**. Further, there were other areas of leakages like existence of high number of un-metered consumers, non-billing of consumers, *etc*. which needed to be addressed by the Company.

3.2.26 Metering of Consumers

As per Section 55 (1) of the Electricity Act 2003**,** no licensee shall supply electricity, after the expiry of two years from the appointed date, except through installation of a correct meter in accordance with regulations to be made in this behalf by the Authority. The National Tariff Policy 2005 as well as study report[70] of the Forum of Regulator stressed upon the need of 100 *per cent* metering of the consumers for reduction of AT&C losses.

Scrutiny of records of the Company revealed that during the period covered in audit, 10 to 26 *per cent* of the consumers in Tripura were either un-metered or the meters provided to them became defective. The Company, as such, had been raising bills on a 'lump-sum basis' in respect of said consumers in absence of correct information on energy consumption. As per the Regulation 6.11 of TERC's Supply Code Regulation-2011 (Supply Code), the Company was required to replace defective meters within three billing cycles[71] of noticing the defect. Audit analysed the cases of defective meters in nine sub-divisions[72] of the Company during the period of five years (2012-17) covered in the PA. Audit observed that out of total 52,792 cases of defective meters in the said sub-divisions, the Company could replace only in 13,361 meters (25.31 *per cent*) within the stipulated period. Audit further observed that in 480 cases (0.91 *per cent*), the Company could not replace the defective meters throughout the period of five years covered in audit.

The Regulation 6.11 of the Supply Code further provided that in respect of the consumers having defective meters, provisional billing should be done on the basis of average bills for previous three billing cycles. Audit analysed the billing done by the Company in respect of consumers having defective meters during five years (2012-17) in selected 9 out of 20 sub-divisions. Audit observed that the Company raised bills without considering the average consumption of the consumers for relevant prior periods[73] resulting in short billing of 6.411 MU of energy valuing ₹ 1.69 crore. The short billing had also contributed towards higher AT&C loss of the Company. High instances of consumers with no meter or defective meters might result in unrestricted consumptions by the consumers leading to further increase in AT&C losses.

[70] Electricity Reforms and Regulations -A Critical Review of Last 10 Years' Experience published in 2009

[71] A billing cycle consists of 25 to 35 days.

[72] Panisagar, Damcherra, Amtali, Matabari, Jatanbari, Bishalgarh I, Bishalgarh II, Melaghar and Jampuijala.

[73] For 105 days considering maximum days for three billing cycle.

The Management stated (November 2017) that the replacement of defective meters was done constantly.

The reply was not tenable as there were numerous instances of defective meters coming up regularly. The Management was required to review the quality of meters supplied along with the status of replacement of defective meters thoroughly.

The Management, however, did not offer any comments on unmetered consumers.

3.2.27 Metering of distribution transformers

The Company had been using distribution transformers (DTs) of different capacities to step down the voltage level of High Tension (HT) line based on the number and connected load of consumers. Metering of these DTs could be useful in identifying the theft cases by comparing the aggregate meter reading of individual consumers with the reading of respective DTs after appropriate adjustment for T&D loss. Scrutiny of metering status of the Company revealed that during four years from 2012-13 to 2015-16[74], 68 *per cent* (2012-13) to 77 *per cent* (2015-16) of the DTs remained un-metered. The Company could not carry out proper supervision of the energy supplied due to existence of such high instances of unmetered DTs. This had exposed the Company against probable leakage of revenue on account of theft/pilferage of electricity.

The Management, while accepting audit observation, stated (November 2017) that it would propose metering of all un-metered DTs under the upcoming centrally sponsored schemes.

Revenue Management

3.2.28 Adequacy of Security Deposit

As per the Regulations 4.114 to 4.120 of the Supply Code, the Company was entitled to collect security deposits from consumers to safeguard the collection of the electricity dues. The said security deposits should be equivalent to bills for one billing cycle[75] *plus* one month's consumption. The Company was also required to monitor the adequacy of security deposits *vis-à-vis* billed consumption of consumers on an annual basis. In case of any shortfall in security deposit, the Company was required to raise demand for the deficit amount. The supply code also provided for payment of interest on security deposit at prevailing base rate of State Bank of India. Adequacy of security deposits would be helpful for the Company to recover outstanding dues from defaulting consumers by adjusting the said deposits against unpaid dues.

Audit scrutiny revealed that the Company had not periodically reviewed the adequacy of security deposits with reference to the annual consumption of the consumers. Audit observed that during last five years (2012-17), the security deposits available with the Company covered the consumption equivalent to intra-state sale of 8 to 10 days only instead of 60 days[76] as stipulated under the Supply Code. Inadequacy of security

[74] Figure for 2016-17 not available.
[75] A billing cycle consists of 25 to 35 days.
[76] Considering 30 days for an average billing cycle consisting of 25-35 days *plus* one months.

deposits reduced the chances of realising the unpaid dues from the defaulting consumers as the TERC Supply Code allowed disconnection of supply of defaulting consumers only after 60 days[77] of issuing the bill.

Audit scrutiny of the 'consumer billing system' in 9 out of 20 sub- divisions[78] revealed that that the Company had been recording the security deposits collected as miscellaneous receipts. Audit further observed that in 8.51 *per cent* of cases test checked, there was no linkage between the security deposit collected and the consumers concerned. In absence of any linkage between the security deposit collected and the individual consumers concerned, the Company was not in a position to effectively review the adequacy of the security deposit on periodic basis.

The Management replied (November 2017) that the revised security deposits were recovered in respect of additional load during raid and inspection of consumer premises.

The reply was not acceptable as the supply code provided for periodical/annual review of the security deposit relating to all the consumers and not just for those with additional load detected during raids and inspections.

3.2.29 Irregularities in allowance of Subsidy

As per Section 65 of the Electricity Act 2003[79], the State Government is permitted to allow subsidy in the tariff to any consumer or class of consumers. The subsidy is however, required to be paid in advance so that the subsidy so provided could be considered for finalisation of Tariff by TERC. The Company had been allowing the subsidy to the targeted beneficiaries by reducing the subsidy amount from Gross tariff approved by TERC. The subsidy amount allowed to the consumers during a year depended upon total power sold during that year. The Company was, therefore, required to ensure that the subsidy allowed to beneficiaries does not exceed the corresponding amount received on this account from GoT. During scrutiny of records of the Company, following irregularities were observed:

a. The Company allowed supply of power at subsidised rates from the date on which tariff was made effective without ensuring receipt of corresponding subsidy amount from GoT. During four years (2012-13, 2013-14, 2015-16 and 2016-17), the Company allowed subsidy to consumers without receipt of corresponding amount from GoT in advance. During the remaining one year (2014-15), the Company received only partial amount (₹ 30 crore out of ₹ 62 crore) before issue of tariff orders. The Company, therefore, did not comply with the relevant statutory provisions while allowing subsidy to consumers.

[77] One billing cycle (30 days) plus 15 days as due date for payment of bills plus notice period of 15 days.

[78] Panisagar, Damcherra, Amtali, Matabari, Jatanbari, Bishalgarh I, Bishalgarh II, Melaghar and Jampuijala.

[79] To be read with clause 8.2 of the Tariff Policy issued by Government of India and Regulation 7 of TERC (Tariff Procedure) Regulation, 2004.

b. The Company had been receiving subsidy amount from GoT. The subsidy so received was subject to adjustment based on the actual supply of power to subsidised categories of consumers. Actual sales volume during the period 2012-17 varied from (-) 12 *per cent* to (+) 13 *per cent* of the sales estimates made during tariff finalisation. There was, however, no system in place to monitor the subsidy amount actually allowed to the consumers *vis-à-vis* amount of subsidy received from GoT for raising of additional subsidy claims, if necessary, based on actual subsidised supply.

   The Management accepted the audit finding regarding non-review of actual amount of subsidy allowed. The Management also assured (November 2017) to introduce an appropriate mechanism to avoid the issue. Further development in this regard was awaited (November 2017).

Aggregate Revenue Requirement

3.2.30 Filing of tariff petitions

As per the Regulation 3 of the TERC-Tariff Regulation 2004, the Company was required to file tariff petition before TERC at least 120 days in advance from the proposed effective date of the revised tariff. The TERC, while approving (25 June 2013) the tariff order for 2013-14, had also directed the Company to file the tariff petitions in advance to enable implementation of the revised tariff from the 1st day of April each year. The details of the due and actual dates of filing the tariff petitions by the Company and effective dates of tariff revisions for the five tariff years (2012-17) have been given in **Table 3.2.6**.

Table 3.2.6: Due and actual dates of filing tariff petition and effective dates of tariff revision for five years (2012-13 to 2016-17)

Year	Due date of filing petition[80]	Actual date of submission	Date of approval by TERC	Effective date of tariff orders
2012-13	03 December 2011	16 January 2012	28 March 2012	1 April 2012
2013-14	02 December 2012	11 March 2013	25 June 2013	1 April 2013
2014-15	02 December 2013	18 July 2014	22 November2014	1 November 2014
2015-16	02 December 2014	Not filed	--	--
2016-17	03 December 2015	Not filed	--	--

As could be observed from the **Table 3.2.6**, the Company had filed the tariff petition after significant delays during three years (*viz.* 2012-13, 2013-14 and 2014-15) out of five years under reference. For the year 2014-15, the Company filed tariff petition after more than three months of commencement (1 April 2014) of the related financial year. As a result, the revision in the tariff for 2014-15 could be made effective from 1 November 2014, *viz.* after seven months of the commencement of the tariff year concerned. The Company, as such, continued to bill consumers at pre-revised rates of 2013-14 for the first 7 months (April-October 2014) of the year 2014-15. Delay in filing of tariff petition and consequent delay in implementation of revised tariff rates

[80] Considering 120 days in advance from 1st April of the Tariff Year.

had caused deferment in realisation of revenue amounting to ₹ 16.14 crore[81] against power sold (489.13 MU) during April 2014 to October 2014.

Further, the Company had not filed the tariff petitions for the tariff years 2015-16 and 2016-17 so far (February 2018) even after lapse of more than three years and two years of due dates respectively. This was mainly due to non-finalisation of the annual accounts of the Company for these two years. For these periods, the Company continued to raise bills at the tariff rates approved for the year 2014-15 despite an increase of 5.47 *per cent* and 24.52 *per cent* in overall cost of the Company for the year 2015-16 and 2016-17 respectively[82]. This had caused deferment of realisation of revenue for 2015-16 and 2016-17 to the extent of ₹ 188.07 crore[83] till the time of truing-up of tariff by TERC.

The Management accepted (November 2017) that the delays in filing of tariff petition was due to non-finalisation of Annual Accounts on time and assured that it would file tariff petition by April 2018 covering all legitimate claim including truing of earlier expenses.

3.2.31 Non claiming of Revenue gap

During the period covered by the PA, TERC had trued up tariff for the years 2011-12 and 2012-13. TERC had further reviewed tariff for the year 2013-14. During the process, TERC had allowed (November 2014) the Company to claim the 'deferred revenue gaps[84]' as approved by it, at the time of finalisation of the tariff for subsequent years. The year-wise position of the approved 'revenue gaps' for three years (2011-14) *vis-à-vis* the 'losses' for the relevant year as per the audited annual accounts of the Company for the respective year has been given in **Table 3.2.7**.

Table 3.2.7: Position of loss *vis-à-vis* revenue gap

(₹in crore)

Year	Loss for the year as per the Audited accounts	Revenue Gaps approved by TERC
2011-12	(-) 120.33	(-) 79.53
2012-13	(-) 107.44	(-) 75.29
2013-14	(-) 106.73	(-) 19.49
Total	**(-) 334.50**	**(-) 174.31**

[81] Calculated by multiplying total power sold during April 2014 to October 2014 with average increase in tariff by TERC w.e.f. 1 November 2014 (viz. 489.13 MU x ₹ 0.33 per unit).

[82] as per the provisional figures submitted by the Company.

[83]

Sl No	Particulars	2015-16	2016-17	Total
1	Total energy sold in the intra State market (MU)	813.055	866.564	1679.619
2	Potential increase in tariff per unit due to corresponding increase in cost (in ₹)	0.32	1.87	--
3	Grand Total (Sl. No. 1 × Sl. No. 2 × 10,00,000 unit in per MU) (₹ in crore)	26.02	162.05	188.07

[84] The difference between the revenue requirement as approved by TERC and that allowed to be considered for tariff fixation in the current year.

As could be seen from **Table No 3.2.7**, TERC had approved revenue gap aggregating ₹ 174.31 crore for three years for 2011-12 to 2013-14. The Company was entitled to claim the said revenue gaps during finalisation of tariff for subsequent years. The Company, however, did not claim[85] these revenue gaps while submitting tariff petition for subsequent years. The unclaimed 'revenue gaps' during three years (2011-14) constituted 52.11 *per cent* of the 'losses' of the Company during the said years, which was significant. The Company could have improved its financial position to a significant extent by claiming the said revenue gaps as per its entitlement.

Financial Management

3.2.32 One Time Settlement (OTS) with Government consumers

Section 56(1) of the Electricity Act 2013[86] empowered the Company to take strict measures against the consumers who default in payment of electricity dues on time. These measures included forfeiture of the security deposits of the defaulting consumers to recover their unpaid dues as well as disconnection of supply of defaulters after giving notice of not less than 15 days. Therefore, it was the responsibility of the consumers to pay their electricity dues on time.

Audit reviewed the records of the Company relating to the electricity dues receivable by it. Audit observed that as of April 2016, the outstanding electricity dues in respect of various departments of Government of Tripura (GoT consumers) stood at ₹ 86.50 crore (Principal: ₹ 61.76 crore; delayed payment surcharge: ₹ 24.74 crore). The Board of Directors (BoD) of the Company approved (April 2016) the 'One Time Settlement' (OTS) for GoT consumers by waiving ₹ 16.50 crore out of the said outstanding dues (₹ 86.50 crore) prevailing at that time. The Company, however, did not set any time frame for GoT consumers to clear the approved OTS amount (₹ 70 crore). Audit observed that against the OTS amount (₹ 70 crore) approved for GoT consumers, GoT released (May 2016) ₹ 30 crore only and balance amount of ₹ 40 crore remained unpaid (March 2017). Examination of records of the Company further revealed that under the 'UDAY[87] scheme' of GoI, a Memorandum of Understanding (MoU) was entered into (29 March 2017) between the Company, GoI and GoT. The 'UDAY scheme' intended to improve the efficiency and attain operational turnaround of the Company. Under the said MoU, GoT had committed to pay remaining outstanding dues (₹ 40 crore) of GoT consumers within 31 March 2017. The GoT, however, released ₹ 20 crore only during April 2017 (₹ 10 crore) and September 2017 (₹ 10 crore) while the balance amount (₹ 20 crore) remained unpaid (October 2017). Audit observed that the waiver of dues (₹ 16.50 crore) of GoT consumers under OTS would be passed on to 'other consumers' as a component of the

[85] As of February 2018.

[86] Read with the Regulation 6.31 to 6.33 of the TERC Supply Code Regulation 2011 and the Tariff orders issued by TERC from time to time.

[87] Ujwal DISCOM Assurance Yojana (UDAY) was the financial turnaround and revival package for electricity distribution companies of India (DISCOMs) initiated (November 2015) by the Government of India with the intent to find a permanent solution to the financial mess existing in the power distribution sector.

tariff through ARR. Waiver of unpaid dues of GoT consumers in the present case, as such, tantamount to granting of special concession to the GoT consumers at the cost of 'other consumers'.

3.2.33 Delays in payment despite having surplus fund

The Company parked surplus fund in Fixed Deposits (FDs) of different maturity periods with various banks. Analysis of funds parked under these FDs revealed that during the five years (2012-17) covered under the PA, minimum balance kept under these FDs on 'per day' basis ranged between ₹ 123.21 crore and ₹ 231.76 crore. The Company earned interest on those FDs at rates ranging between 4 and 10.20 *per cent* per annum.

Audit observed that despite holding sufficient cash balances in FDs, the Company did not pay its power purchase bills raised by NEEPCO and OTPC within the due dates. Audit observed that both the power suppliers (NEEPCO and OTPC) had raised surcharge bills at the rate of 15 *per cent* (18 *per cent* from 2014-15) on the Company for default in payment of dues on time. Audit further observed that the annual rate of interest earned (4 to 10.20 *per cent*) by the Company against FDs was far below the rate of the late payment surcharge. By holding the surplus cash in FDs and deferring the payment against power purchase bills, the Company incurred minimum financial loss of ₹ 13.03 crore towards late payment surcharge as detailed in **Table 3.2.8**, which is an example of bad financial management.

Table 3.2.8: Loss due to holding additional cash equivalent and deferring the legal liability

(₹in crore)

Year	Outstanding dues			Minimum FD balance	Payment possible	Loss[88]
	NEEPCO	OTPC	Total			
2012-13	42.97	--	42.97	231.77	42.97	2.06
2013-14	111.14	27.68	137.82	170.58	123.21	3.84
2014-15	88.92	73.61	162.53	189.06	123.21	2.88
2015-16	168.00	101.00	269.00	158.27	123.21	3.74
2016-17	30.33	101.00	131.33	123.21	123.21	0.51
Total					**--**	**13.03**

The Management replied (November 2017) that most of the FDs were made out of different Central/State Government sponsored schemes which could not be utilised for payment of power purchase dues.

The reply was not acceptable as the Audit had worked out the minimum balances in FDs after considering the own funds of the Company only and as such, GoI/GoT sponsored scheme funds have been excluded.

[88] Being difference between interests earn on highest FD interest rate and prevailing surcharge rate on the amount of bills which could have been paid. Loss has been calculated considering waiver of surcharge by NEEPCO.

3.2.34 Environmental Issues

It was essential for the Company to obtain the Environmental Clearance (EC) from the appropriate authority before taking up the works relating to new power projects/plants or expansion/modernisation of existing power plants. In the case of thermal based power generation projects/plants, the Ministry of Environment, Forest and Climate Change (MoEFCC), GoI is the appropriate authority for obtaining the EC. In this regard, the Company was required to submit an application, in prescribed format to MoEFCC, along with a report on environmental impact assessment. The Company was not allowed to undertake any construction activities for the project till the MoEFCC, GoI issued the required EC for the project.

Further, Tripura State Pollution Control Board (TSPCB) issued 'consent to operate' for different categories of industrial units. As per the conditions of the 'consent to operate' issued by TSPCB from time to time, the power plants were essentially required to install the 'online emission and effluent monitoring system' to observe the level of 'suspended particulate matters and gaseous pollutants'. The Central Pollution Control Board (CPCB) also issued (February 2014) notification requiring the state pollution control boards to issue similar directions in the respective states for installation of 'online emission and effluent monitoring system' to 17 category of industries including the power sector industry by March 2015 (extended upto June 2015).

Scrutiny of records relating to Rokhia Generating Station (GS) of the Company revealed that the Company had not applied for obtaining the EC from GoI before the commissioning of units 7, 8 and 9 of the GS. The Company, as such, had been operating the said three units of Rokhia GS without obtaining the mandatory EC. During the study of the records of the Company, it was observed that out of five thermal power units (Rokhia: 3 units and Baramura: 2 units) of the Company, only two units (one each for Rokhia and Baramura) had been installed with the mandatory 'effluent monitoring system'. The Company, hence, failed to comply with the mandatory statutory provisions relating to environment protection.

The Management accepted the observation and assured (November 2017) for installation of online continuous emission monitoring system in all the units of Rokhia and Baramura Generating Stations.

3.2.35 Renewable Purchase Obligation

TERC issued (2010) Regulation[89] governing procurement of energy from Renewable sources[90] in accordance with the provisions of the Electricity Act, 2003 (Sections 61, 66, 86 and 181). The Regulation provided for minimum quantum of energy to be mandatorily procured by the Company from the said Renewable sources. TERC further issued (October 2015) Renewable Energy Regulations (Multi Year Tariff)

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[89] TERC (Procurement of Energy from Renewable Sources) Regulations, 2010.

[90] Renewable sources of energy include small hydro, wind, solar based generating plants including their integration with combined cycle, biomass, bio fuel cogeneration, urban or municipal waste and as such other sources as recognised or approved by MNRE.

2015 enhancing the quantum of Renewable Purchase Obligation (RPO) for necessary compliance by the Company. Both these Regulations provided for the minimum obligatory percentage of power required to be sourced by the Company from solar generation. In case of any shortfall in meeting the said RPO, the Company was required to purchase Renewable Energy Certificate (Solar certificate in case of deficit in procurement of solar component of RPO) of equivalent value, to fulfil the deficit. In case the Company failed to fulfil the prescribed RPO or did not purchase equivalent value of REC to fulfil the RPO deficit, the Company was required to deposit a sum as determined by TERC, into a separate fund. TERC determined the quantum of said fund based on the forbearance price fixed by CERC from time to time. The said fund was to be utilised for purchasing REC and creation of infrastructure for evacuation of power from the Renewable energy sources.

Audit, however, observed that the Company was unable to meet RPO obligation for ‘solar energy’ during all the five years (2012-17) covered under audit. It could also not meet RPO against ‘non-solar generation’ during the last two years (2015-16 and 2016-17). The Company had also failed to purchase any REC to meet the deficit against prescribed RPO. Audit further observed that the Company was under obligation to create separate fund by depositing ₹ 126.47 crore[91] due to non-fulfilment of the RPO deficit. The Company, however, did not comply with the regulatory provisions in this regard (September 2017).

The Management assured (November 2017) to develop and promote solar energy in the State as per the target fixed by GoI and also to meet RPO obligation against solar power through own source of the Company or by purchasing equivalent value of RECs.

3.2.36 Monitoring and Control System

An effective monitoring and control system of an organisation ensures achievement of organisational objectives, effective utilisation of resources and safeguarding of assets. An effective Management Information System (MIS) further helps the organisation in the decision making process besides acting as an important tool for managerial monitoring and control of the activities of the organisation. Audit observed the following weaknesses in the monitoring and control system of the Company.

3.2.36.1 Finalisation of accounts

As per the provisions of the Companies Act 1956 and the Companies Act 2013, a Company was required to finalise and adopt its audited annual accounts in its Annual General Meeting (AGM) within six months[92] from the close of the relevant financial year. Audit observed that the Company had adopted its audited accounts in the AGM only up to the financial year 2014-15 only[93]. TERC had trued up the tariff up to the

[91] Worked out at forbearance at the rate of ₹ 13,400 per REC for 94,380 MwH as approved by CERC for the period 2012-13 to 2016-17 wherein 1 REC = 1 MwH

[92] Registrar of Companies (ROC) could allow further extension of 3 months based on the application of the Company.

[93] Adopted on 21 September 2017

year 2013-14 based on the audited accounts for the years concerned. The tariff for the year 2014-15 was pending to be trued up by TERC (December 2017). Further, the tariff for subsequent two years (2015-16 and 2016-17) had not been approved by TERC pending finalisation and certification of accounts of the Company for the said two years. Not truing up/non-revision of tariff after 2013-14 had adversely affected the liquidity position and operational revenue of the Company.

The Management assured (November 2017) to take all necessary steps for finalisation of accounts in due time.

3.2.36.2 Real time monitoring activities

State Load Despatch Centre (SLDC) was an apex body to ensure integrated operation of the power system in any State. Under Section 32 of the Electricity Act 2003, the SLDCs were responsible for optimum scheduling and despatch of electricity, energy accounting, control over transmission system as well as real time control and operations of the electricity transmitted within the State.

The SLDC of Tripura located in Agartala, was connected with the generating stations and grid sub-stations using Remote Terminal Units (RTUs). These RTUs were expected to send real-time data to SLDCs to help in carrying out their real-time supervisory and monitoring activities. Scrutiny of the records of the Company, however, revealed that out of 25 RTUs of the Company, 17 RTUs (68 *per cent*) were not sending real time data to SLDC. Deficiency in the performance of RTUs had adversely affected the real time supervisory and monitoring activities of the Company besides defeating the purpose of their installation.

The Management stated (November 2017) that the work of replacement of RTUs was in progress.

3.2.36.3 Bank Reconciliation Statement

Revenue collections at the level of sub-divisions of the Company were deposited in bank accounts operated at the divisional level. The sub-divisions submitted periodic statements on the collections made and deposited in the bank to the divisions concerned. The divisions were required to prepare monthly Bank Reconciliation Statements (BRSs) based on the monthly bank statements and the information collected from sub-divisions. The divisions were also required to take appropriate action in case of any deviations including non-realisation of cheques collected from consumers against electricity bills.

Scrutiny of records revealed that there was no practice in the Company to prepare the BRSs at divisional level. Audit observed that the head office of the Company prepared the BRS only at the year-end at the time of compilation of the annual accounts. Audit further observed the instances of adopting the figures by the head office, on revenue collection and deposits, which were different from those appearing in the records of the divisions. Audit scrutinised the nine BRSs (as on 31 March 2015) as submitted by the Company for verification. Audit observed existence of stale cheques (₹ 0.31 crore), short credits (₹ 12.88 crore) and unidentified credits (₹ 14.78 crore) in bank accounts, differences between physical cash book and cash book maintained in Tally (₹ 0.25 crore), excess debit by bank (₹ 0.51 crore), *etc*. The head office of the Company, however, could not identify the exact nature of these inconsistencies due to the long time lag between the date of individual transaction and preparation of BRS. Internal auditors had also underlined the issue of delay and irregularity in preparation of the BRSs by the Company. The Company, however, had not taken any corrective measure in this regard. The irregularities in preparation of BRS had, thereby, made the Company vulnerable against the risk of embezzlement/misappropriation of funds besides providing an unrealistic picture of its liquidity position.

The Management assured (November 2017) to take necessary steps in this regard.

3.2.36.4 Inaction on the Report of internal auditors

The Report of internal auditors for the years 2012-13 to 2015-16 highlighted several cases of persistent irregularities as summarised in **Table 3.2.9**.

Table 3.2.9: Irregularities pointed out by internal auditors

Nature of irregularities	Year of internal audit report
Cash shortages in 5 sub-divisions amounting to ₹ 18.96 lakh (period 2012-13 to 2014-15)	2013-14, 2014-15 and 2015-16
Non-closures of cash book periodically	2013-14, 2014-15 and 2015-16
Irregularities in payment of statutory dues	2012-13, 2013-14, 2014-15 and 2015-16

The Audit Committee of the BoD instructed (27 February 2016) the Company to take action on the recommendations of the Internal Auditors and submit action taken report for the same. The Company, however, did not take any effective action in this regard (November 2017).

The Management accepted the observation and assured (November 2017) to take suitable action in the matter.

3.2.36.5 Non monitoring of consumption by temporary consumers

Audit had scrutinised the records of the Company relating to temporary connections under 11 sub-divisions[94] out of 20 sub-divisions selected in the PA. Audit observed that none of the said 11 sub-divisions had any system to monitor or assess the actual consumptions against the temporary connections. This information should be appropriately taken into account while billing/collecting the consumption charges in respect of such connections. The consumers with temporary connections were, thereby, allowed to consume the electricity without any restriction and control. The sub-divisions collected only the minimum charges at the time of installation of such connections.

The Management stated (November 2017) that final adjustment for all the temporary connections was done based on actual meter reading.

[94] Dharmanagar I, Dharmanagar II, Durgachowmohani, Banamalipur, GB, Capital Complex, IGM, Pratapgarh, Udaipur, Amarpur and Sonamura

The reply was factually incorrect as the billing system of the Company did not indicate any kind of adjustment based on actual meter reading.

3.2.37 Raid and inspection cases

Theft of energy is one of the major factors contributing towards commercial losses. As per Section 135 of Electricity Act 2003 (Act), theft of energy is an offence punishable under the Act. The Supply Code issued by TERC spelled out the mechanism for assessment of penalties for various offences. The Supply Code further provided that the Reports prepared by the officials conducting raid and inspection should have proper mention of various parameters in this regard. The Supply Code also prescribed the periodicity of inspection in respect of various categories[95] of meters installed at the premises of consumers. Year-wise details of raids conducted by the Company during the five years (2012-17) covered under audit are given in **Table 3.2.10**.

Table 3.2.10: Statement showing position of raid and inspection conducted

Year	No of metered consumers	No of raids conducted	No of meters checked	No of theft cases detected	Amount realised (₹ in lakh)	Percentage of checking
2012-13	5,38,618	1,242	21,068	9,104	45.89	3.91
2013-14	5,25,005	2,539	33,463	12,501	107.28	6.37
2014-15	5,93,212	3,306	64,152	15,598	192.37	10.81
2015-16	6,32,680	3,176	61,556	12,245	130.68	9.73
2016-17	6,57,464	3,621	49,179	12,137	128.45	7.48

It could be seen from **Table 3.2.10** that percentage of meters checked by the Company during the five years (2012-17) ranged from 3.91 *per cent* to 10.81 *per cent* against the minimum requirement of 20 *per cent*[96] prescribed under the Supply Code. The system of assessment of penalty was also not transparent. Audit observed that in most of the cases, the inspecting officers did not mention the basis of calculation of penalty in the inspection reports and penalties were levied on lump sum basis. Further, there were also cases where the sub-divisional officials reduced the assessed amounts without recording any justification. Further, while furnishing the details of raids and inspection cases to the divisions concerned, the sub-divisions had neither reported the assessed amount of penalties nor had recorded the same in the computerised database.

The Management stated (November 2017) that target of meter checking would be ensured by following the matter vigorously with the sub-divisions.

The reply was, however, silent on non-existence of required transparency in calculation and reduction of penalties.

CONSUMER SERVICES

3.2.38 Consumer satisfaction is vital for any business organisation. The Electricity Act, 2003 read with provisions of various Regulations issued by TERC required the Company to maintain certain standards of performance while discharging its duties.

[95] Single phase: once in 5 years; LT 3 phase: once in 3 years and HT with MDI: yearly (regulation 5.29)

[96] Considered all meters as single phase which were required to be checked within 5 years (viz. at the rate of 20 *per cent* per year) as per the Supply Code.

The said standards related to various aspects including redressal of consumer grievances relating to breakdown of lines and electrical equipment, which adversely affected supply of electricity.

3.2.39 Consumer Grievances

Addressing consumer grievances is one of the primary objectives of any electricity distribution utility. The Company had established 165 call centres throughout the State with the aim to resolve the consumer grievances within the reasonable time. The consumers lodged their complaints with the call centres by calling helpline number or physically visiting the call centre concerned. The details of the complaint along with the name and address of the complainant were entered in the complaint log book maintained at the call centres. After resolution of the complaint, the same were to be recorded and signed in the log book by the attending staff.

Audit had selected 20 sub-divisions for detailed examination and visited 20 call centres attached with them. Audit further examined the records of another 15 call centres attached with said sub divisions. Audit observed that only 13[97] out of 20 call centres visited by Audit had been using the printed formats of complaint log book as provided by the respective electrical divisions. Of the remaining seven call centres, six[98] were not following any format for the complaint log book. The remaining one[99] call centre had been recording the complaints in the correspondence/issue register. The Company, as such, had not been following any standardised format of the complaint log across the sub-divisions.

Photograph 3.2.1: A call centre without telephone connection

Audit further observed that the time of receipt and resolution of complaint was hardly recorded in the log book. As such, it was not possible to assess the efficiency of grievance redressal mechanism *vis-a-vis* the standards fixed by TERC. Some of the printed formats consisted of a separate column for the signature of officer-in-charge. In 8 out of 20 call centres visited by Audit, however, the officer concerned had not signed the said column. All the entries were made by the attending staff and there was no managerial level monitoring of the activities of these call centres. Audit also observed that none of the 20 sub-divisions test checked had been apprising the higher authorities about the position of consumer complaints resolution through periodic reports.

[97] Amtali, Bishalgarh-I, Bishalgarh-II, Udaipur, Matabari, Dharmanagar-I, Dharmanagar-II, Panisagar, Damcherra. Durgachaumuhani, IGM, Amarpur and Jatanbari.
[98] Capital Complex, GB, Pratapgarh, Jampuijala, Melagarh and Sonamura.
[99] Banamalipur ESD-I

Audit further observed that out of test-checked 35 call centres functioning under 20 selected sub-divisions, 27 were operating 24 hours a day while the working hours of remaining eight call centres[100] ranged between 6 am and 10 pm. In case of an emergency during late hours in night, thus, there was no way for consumers to lodge the complaint, which could prove to be fatal especially in times of emergency.

The infrastructure of the call centres was poor as 16 out of the 35 call centres did not have a telephone connection. The Company had implemented the universal complaint helpline number (1912) for lodging complaints, but such facilities were restricted only to pre-dominantly urban areas covered under the Restructured Accelerated Power Development Reforms Programme of GoI. The consumers had to physically visit the call centres to lodge the complaint, which were operating without telephone facility. This caused hindrance to the citizens residing in remote areas.

Audit further noticed shortage of vehicles in 12 out of 35 call centres of the Company, which would also be a hindrance in resolving the complaints the reasonable time. These observations were indicative of the fact that the consumer grievances redressal mechanism of the Company was inadequate and ineffective.

The Management assured (November 2017) to provide requisite printed log books at call centres besides instructing Senior Manager/ Manager concerned to monitor and inspect the call register for timely redressal.

3.2.40 Ease in bill payments: Bill payment kiosk

The Company had taken several measures to enhance the ease of paying electricity bills for the consumers. These measures included installation of a kiosk in Krishnanagar, Agartala. The kiosk was helpful for senior citizens, differently abled persons, sick and other consumers in general, especially during rush hours. Consumers could use the kiosk to pay their electricity bills in a few simple steps. The Company, however, could not operate these kiosks after demonetisation (8 November 2016) of old currency notes of ₹ 500 and ₹ 1,000 denomination by the Reserve Bank of India as the size of these notes differed from old currencies. This caused temporary idling of infrastructure created by the Company thereby causing hardship to the needy users.

Photograph 3.2.2: A Non-functional kiosk

The Management stated (November 2017) that the kiosk had been made operational (November 2017) for currency of small denomination[101]. The Management also informed that after installation of required software and hardware upgrade, the kiosk would be operationalised.

[100] Pratapgarh, Medda Chowmuhani (Pratapgarh ESD), Matabari, Natun Bazar (Dharmanagar) and four call centres of Bishalgargh-I ESD.
[101] ₹ 10, ₹ 20, ₹ 50 and ₹ 100.

The reply was not tenable considering the abnormal time of more than 11 months taken in re-operationalisation of the kiosk after the demonetisation (8 November 2016). This led to idling of infrastructure for the above period.

3.2.41 Promptness in bill delivery

The Company had been using Spot Billing Machines (SBMs) in the sub-divisions where Billing was done under SAP system. The Company's representative (meter reader) downloaded the previous reading data of consumers from the SAP system. After recording current reading as reflected in meters at consumer's premises, the meter reader delivered the bills generated from SBM on the spot itself. The due date of bills was calculated from the date of printing of bills. On the spot delivery of bills had ensured that every consumer got sufficient time for payment of bills. As the SBM facilitated the meter reading and bill delivery simultaneously, it also increased the billing efficiency of the Company.

3.2.42 Acknowledgement

Audit acknowledges the cooperation extended by the Company and the Government of Tripura at each stage of the audit process involved in conducting the present audit.

3.2.43 Conclusion

The Company failed to achieve various operational norms resulting in extra cost and loss of potential revenue. Monitoring and internal control system of the company was ineffective due to delays and insufficient Management Information System, inaction and lack of transparency. The infrastructure for ensuring satisfactory consumer service delivery remained partially operational and insufficient thereby affecting provision of mandated services.

3.2.44 Recommendations

The Government/Company may consider:

a. achieving the prescribed operational norms by curtailing areas of losses and leakages of revenue;

b. strengthening the monitoring and internal control system so as to avoid delays, inaction and other operational weaknesses;

c. improving the service delivery mechanism so as to enhance the satisfaction level of the consumers through efficient operations;

d. Finalised its accounts timely to avoid deferment of revenue by the TERC and also incurring opportunity loss (interest or amount differed by TERC).

INDUSTRIES AND COMMERCE DEPARTMENT

(Tripura Industrial Development Corporation Limited)

3.3 Undue favour

The Company extended undue favour to contractors by not recovering the interest of ₹ 51.74 lakh on delayed recovery of mobilisation advances.

The Tripura Industrial Development Corporation Limited (Company) appointed (August 2011) IL&FS[102] Cluster Development Initiative Limited[103] as consultant (Consultant) for planning, engineering procurement and actual implementation of the project relating to "Establishment of International Fairground & Exhibition Centre at the existing Jute Mill Compound, Hapania, Agartala" (estimated cost: ₹ 38.61 crore). The agreement provided that all contracts for the project should be awarded by the Consultant on behalf of the Company. The terms of the agreement further provided that all payments to the agencies/contractors should be made by the Company after the same were duly recommended by the Consultant.

The Consultant awarded (August 2012) the work for construction of Civil Work (Phase-I, Package No. 1) of the project to M/s Jaypee Projects Limited (JPL), Kolkata at a bid price of ₹ 19.87 crore. The work was scheduled for completion by 28 August 2013. The Consultant awarded (June 2014) another work relating to construction of Closed Exhibition Centre (Phase-I, Package No. 2) to M/s Swapan Ch. De (SCD) at ₹ 49.65 crore with the stipulation to complete the work by 15 June 2016.

Both the contracts *inter alia* provided for release of mobilisation advance up to 10 *per cent* of the contract price. The Company was required to commence *pro rata* recovery of mobilisation advances from the running bills of the contractors on reaching the payments to 20 *per cent* of the contract price. The Company was to complete recovery of the mobilisation advances from each contractor on or before the payments against 80 *per cent* of the respective contract value become due. In case the mobilisation advances remained unrecovered before the expiry of the original schedule of each work, the Company was entitled to recover interest at the rate of 12 *per cent* per annum from the contractors on the unrecovered portion of the mobilisation advance.

The Company released mobilisation advance aggregating ₹ 1.99 crore to JPL against 100 *per cent* Bank Guarantee (BG). The advance was released in two instalments (December 2012/January 2013) of ₹ 99.36 lakh each. Similarly, the Company released (February 2015) mobilisation advance of ₹ 2.50 crore to SCD against BG of ₹ 2.48 crore.

Test check (November–December 2016) of records of the Company revealed that as against the scheduled completion of two works by August 2013 (Package 1) and

[102] Infrastructure Leasing & Financial Services
[103] A company registered under the Companies Act, 1956 and having its registered office in New Delhi

June 2016 (Package 2), execution of both the works lagged behind the schedule by 38 months (Package 1) and 4 months (Package 2) respectively. Audit further observed that contrary to the agreement terms, the Company could fully recover/adjust the mobilisation advance from two contractors (JPL and SCD) after 32 months (JPL) and 8 months (SCD) from the original scheduled date of completion of the respective work. Position of recovery of mobilisation advance and interest leviable thereon as per the contract terms is shown in **Table 3.3.1**.

Table 3.3.1: Adjustment of mobilisation advance and interest leviable

Particulars	Package No.	
	1	2
Name of contractor	JPL	SCD
Date of commencement of work	29 August 2012	16 June 2014
Scheduled date of completion of work	28 August 2013	15 June 2016
Mobilisation advance (MA) paid	₹ 1.99 crore	₹ 2.50 crore
MA adjusted upto expiry of original time for completion	₹ 0.05 crore	₹ 0.90 crore
Date on which MA finally adjusted	10 May 2016	28 February 2017
Interest leviabletill the date of adjustment of MA	₹ 40.87 lakh	₹ 10.87 lakh

Examination of records, however, revealed that the Company did not recover the interest of ₹ 40.87 lakh (JPL) and ₹ 10.87 lakh (SCD) from the two contractors for delayed period of recovery of mobilisation advances in contravention to the provisions of the contract. The Company, thereby, extended undue favour to the contractors aggregating ₹ 51.74 lakh as detailed in **Appendix 3.3.1**.

The Government/Management accepted the observation and stated (July 2017) that the interest on late recovery of mobilisation advance would be deducted from the final bills of the contractors. Further development in the matter was awaited (February 2018).

CHAPTER III: ECONOMIC SECTOR
(State Public Sector Undertakings)

CHAPTER IV: REVENUE SECTOR

4.1 GENERAL

4.1.1 Trend of revenue receipts

The Tax and Non-tax Revenue raised by Government of Tripura during the year 2016-17, the net proceeds of State's Share of Union Taxes and Duties assigned to the State and Grants-in-aid received from the Government of India (GoI) during the year and the corresponding figures for the preceding four years are given in **Table 4.1.1.**

Table 4.1.1: Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
I.	**Revenue raised by the State Government**					
	Tax Revenue	1,004.65	1,073.91	1,174.26	1,332.25	1,422.01
	Non-tax Revenue	178.75	246.52	195.64	262.60	218.85
	Total	**1,183.40**	**1,320.43**	**1,369.90**	**1,594.85**	**1,640.86**
	Increase over previous year (%)	***10.37***	***11.58***	***3.75***	***16.42***	***2.88***
II.	**Receipts from the GoI**					
	Net proceeds of State Share of Union Taxes and Duties	1,493.18	1,630.25	1,730.13	3,266.02	3,909.12
	Grants-in-aid	4,373.72	4,699.50	6,139.70	4,565.87	4,095.48
	Total	**5,866.90**	**6,329.75**	**7,869.83**	**7,831.89**	**8,004.60**
III.	**Total Revenue Receipts of the State Government (I and II)**	**7,050.30**	**7,650.18**	**9,239.73**	**9,426.74**	**9,645.46**
IV.	**Percentage of I to III**	**16.79**	**17.26**	**14.83**	**16.92**	**17.01**

Source: Finance Accounts,

Chart 4.1.1: Components of Centre and State share of resource

(₹ in crore with percentage)

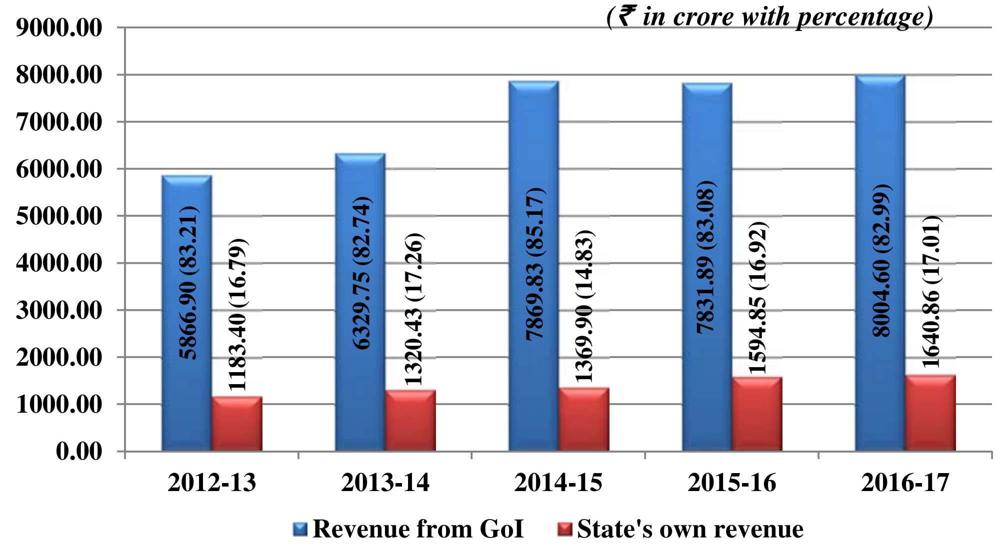


Table 4.1.1 and **Chart 4.1.1** indicates that during the year 2016-17, the revenue raised by the State Government was ₹ 1,640.86 crore which was 17.01 *per cent* of the

total Revenue Receipts. The balance 82.09 *per cent* of the receipts during 2016-17 was from the GoI. The growth of revenue raised by the State Government during 2016-17 was only 2.88 *per cent* (₹ 46.01 crore) as compared to 16.42 *per cent* during 2015-16. Revenue Receipts of the State Government nominally increased by 2.32 *per cent* from ₹ 9,426.74 crore in 2015-16 to ₹ 9,645.46 crore in 2016-17.

4.1.1(a) Tax Revenue: The details of the Tax Revenue raised during the period 2012-13 to 2016-17 are given in **Table 4.1.2.**

Table 4.1.2: Details of Tax Revenue raised

(₹ in crore)

Sl. No	Head of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Increase (+) or decrease (-) of actual in 2016-17 over 2015-16 (%)
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	Sales Tax/Value Added Tax (VAT)	670	763.07	914.15	837.09	950	909.81	980	1,058.48	1,144.00	1,112.89	(+) 5.14
2	State Excise	100	114	128.7	115.18	179.46	138.96	180	143.57	165	163.19	(+)13.67
3	Stamps and Registration Fees	30	36.71	37	39.24	42.54	37.56	45	42.49	38	41.83	(-) 1.55
4	Taxes on Vehicles	40	30.73	36.11	36.79	40	36.09	45	37.62	40	43.6	(+)15.90
5	Other Taxes on Income and Expenditure[1]	32	32.16	34	35.03	37	38.93	40	39.67	40	41.96	(+)5.77
6	Land Revenue	20	26.44	30	8.07	24.87	10.76	25	5.97	10	13.32	(+)123.12
7	Other Taxes and Duties on Commodities and Services	1.37	1.36	3.82	1.64	4.25	1.87	4.72	4.29	2.15	3.32	(-) 22.61
8	Others	0.07	0.18	0.22	0.87	0.25	0.28	0.28	0.16	0.83	1.9	(+)1,087.50
Total:		**893.4**	**1,004.65**	**1,184.00**	**1,073.91**	**1,278.37**	**1,174.26**	**1,320.00**	**1,332.25**	**1,439.98**	**1,422.01**	**(+) 6.74**

Source: Annual Financial Statement and Finance Accounts.

The Finance (Excise & Taxation) Department furnished the following reasons for increase in revenue in 2016-17 as compared to 2015-16.

Taxes on sales, trade, etc.: The increase in collection of Sales Tax/Value Added Tax (VAT) (5.14 *per cent*) was due to regular efforts made by the Department.

State Excise: The increase in collection of State Excise (13.67 *per cent)* was due to increase of Excise duty, Warehousing fee, Bottling fee and Import fee.

Land Revenue: The increase in collection of Land Revenue (123.12 *per cent)* was due to collection of more premium (Nazar).

[1] Includes taxes on profession, trades, calling and employment.

The other departments (indicated in **Table 4.1.2**), despite being requested (June 2017), did not furnish (February 2018) the reasons for variations in Tax Receipts with respect to the previous year.

4.1.1(b) Non-tax Revenue: The details of the Non-tax Revenue raised during the period 2012-13 to 2016-17 are indicated in **Table 4.1.3.**

Table 4.1.3: Details of Non-tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Increase (+) or decrease (-) of actual in 2016-17 over 2015-16 (%)
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	Interest Receipts	30.00	67.88	35.00	86.47	80.00	46.02	84.00	55.24	85.00	37.07	(-) 32.89
2	Industries	35.00	41.20	50.44	59.91	85.00	65.01	90.00	96.41	80.00	80.36	(-) 16.65
3	Police	20.00	28.48	48.00	33.95	50.00	34.34	55.00	40.50	50.00	48.07	(-) 18.69
4	Public Works	15.00	5.56	15.00	8.54	25.00	8.92	25.00	8.15	10.00	8.08	(-) 0.86
5	Forestry and Wildlife	1.20	6.56	10.05	7.70	8.00	9.83	9.00	11.86	15.00	11.01	(-) 7.17
6	Water Supply and Sanitation	2.15	1.68	1.52	7.32	1.07	1.92	1.21	1.76	6.05	2.45	(+) 39.20
7	Miscellaneous General Services	11.93	0.80	-	21.24	-	5.27	-	6.48	2.11	7.25	(+) 11.88
8	Other Administrative Services	22.35	5.36	8.00	4.52	5.56	6.28	6.28	6.84	6.78	6.12	(-) 10.53
9	Medical and Public Health	8.00	6.95	9.00	2.84	3.75	3.00	3.70	6.01	3.67	2.42	(-) 59.73
10	Crop Husbandry	2.70	1.97	2.66	2.48	2.50	2.79	2.80	3.61	2.80	2.60	(-) 27.98
11	Animal Husbandry	2.15	1.49	2.13	2.13	1.47	2.47	1.66	2.42	2.70	1.84	(-) 23.97
12	Housing	2.15	1.71	3.28	1.80	2.28	1.84	2.57	1.82	2.00	1.85	(+) 1.65
13	Education, Sports, Art and Culture	2.00	0.68	3.00	1.32	3.00	1.45	3.00	2.30	1.81	2.29	(-) .043
14	Stationery and Printing	1.75	1.28	1.80	1.29	1.50	1.83	1.50	1.16	1.50	1.10	(-) 5.17
15	Others	21.93	7.15	30.12	5.01	20.87	4.67	24.28	18.04	25.72	6.34	(-) 64.86
Total:		**178.31**	**178.75**	**220.00**	**246.52**	**290.00**	**195.64**	**310.00**	**262.60**	**295.14**	**218.85**	**(-) 16.66**

Source: Annual Financial Statement and Finance Accounts.

Forest: The reason attributed by the Forest Department for decrease in collection of taxes in Forestry and Wild life (7.17 *per cent*) was due to lower demand of forest produce.

The other departments (indicated in **Table 4.1.3**), despite being requested (June 2017), did not furnish (February 2018) the reasons for variations in Non-tax Receipts with respect to the previous year.

4.1.2 Analysis of arrears of revenue

The arrears of revenue as on 31st March 2017 on account of Taxes/VAT amounted to ₹ 23.17 crore of which ₹ 13.74 crore was outstanding for more than five years, as detailed in **Table 4.1.4.**

Table 4.1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31st March		Amount outstanding for more than five years as on 31st March		Replies of department
		2016	2017	2016	2017	
1	Taxes/VAT	64.47	23.17	17.16	13.74	-
2	Other Taxes on Income & Expenditure (Tax on profession, Trades, Callings & Employment)	0.48	-	-	-	-
3	Other Taxes & Duties on Commodities & Services	0.11	-	-	-	-
Total:		**65.06**	**23.17**	**17.16**	**13.74**	

Source: Finance (Excise& Taxation) Department.

It would be seen from **Table 4.1.4** that arrear of revenue decreased from ₹ 65.06 crore at the end of March 2016 to ₹ 23.17 crore at the end of March 2017. The arrear of revenue outstanding for more than five years also decreased from ₹ 17.16 crore to ₹ 13.74 crore during the same period.

4.1.3 Arrears in assessments

The details of taxes on agricultural income assessment cases pending at the beginning of the year 2016-17, cases which became due for assessment during the year, cases disposed during the year and number of cases pending at the end of the year 2016-17 as furnished by the Deputy Commissioner of Tax are mentioned in **Table 4.1.5.**

Table 4.1.5: Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2016-17	Total assessments due	Cases disposed of during 2016-17	Balance at the end of the year
1	*2*	*3*	*4*	*5*	*6*
Taxes on Agricultural income	544	-	544	-	544

Source: Finance (Excise& Taxation) Department

The number of arrears in assessments cases at the beginning of the year 2016-17 was 544. Neither new cases were added nor existing cases disposed during the year. Steps may be taken for timely and periodical assessment of cases.

Other departments did not furnish (February 2018) information relating to arrears in assessments, though called for (June 2017).

4.1.4 Evasion of tax detected by the department

The details of cases of evasion of tax detected by the Finance (Excise & Taxation) Department, cases finalised and the demands for additional tax raised as reported by the Department are given in **Table 4.1.6.**

Table 4.1.6: Evasion of tax

Sl. No.	Head of revenue	Cases pending as on 31st March 2016	Cases detected during 2016-17	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty, etc. raised		Number of cases pending for finalisation as on 31st March 2017
					No. of cases	(₹ *in crore*)	
1.	Tax/ VAT	1,050	588	1,638	635	4.05	1,003

Source: Finance (Excise& Taxation) Department

As on 31st March 2016, 1,050 cases of evasion of tax were outstanding. 588 cases of evasion of tax had been detected and reported during 2016-17 taking the total of pending cases to 1,638. Of these pending cases, 635 (38.77 *per cent*) cases of assessments/investigation were completed and additional demand including penalty, etc. amounting to ₹ 4.05 crore was raised during the year 2016-17. Consequently, 1,003 cases were pending as on 31st March 2017.

It would be seen from **Table 4.1.6** that the number of cases pending at the end of the year had slightly decreased over the cases pending at the start of the year.

4.1.5 Pendency of refund cases

The number of refund cases pending at the beginning of the year 2016-17, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2016-17 as reported by the Department is given in **Table 4.1.7.**

Table 4.1.7: Details of pendency of refund cases

(₹in crore)

Sl. No.	Particulars	Sales tax / VAT	
		No. of cases	Amount
1	Claims outstanding at the beginning of the year	09	8.46
2	Claims received during the year	05	0.98
3	Refunds made during the year	02	0.04
4	Balance outstanding at the end of year	12	9.40

Source: Finance (Excise& Taxation) Department

In addition to the refund, Section 45 (1) of Tripura Value Added Tax (TVAT), Act 2004 provides for payment of simple interest at the rate of 5 *per cent* per annum for the period commencing after 90 days of the application claiming refund till the date on which the refund is granted.

Claims for refund of ₹ 0.98 crore involving five cases had been reported during 2016-17, refund made during the year was ₹ 0.04 crore involving two cases and outstanding amount of ₹ 9.40 crore involving 12 cases had not been settled (February 2018).

The Department should expeditiously dispose off the 12 refund cases to avoid payment of interest.

4.1.6 Response of the Government/ departments towards audit

The Accountant General (Audit), Tripura conducts periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during the 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 the offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG (Audit) within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the departments and the Government.

500 paragraphs involving ₹ 75.80 crore relating to 136 IRs issued upto 31st March 2017 remained outstanding at the end of June 2017. The corresponding position in this regard with respect to the preceding two years is given in **Table 4.1.8.**

Table 4.1.8: Details of pending IRs

	June 2015	June 2016	June 2017
Number of IRs pending for settlement	156	119	136
Number of outstanding audit observations	467	427	500
Amount of revenue involved (₹ *in crore*)	61.63	69.00	75.80

4.1.6.1 Details of department-wise number of outstanding IRs and audit observations

The department-wise details of the IRs and audit observations outstanding as on 30 June 2017 and the amounts involved are mentioned in **Table 4.1.9.**

Table 4.1.9: Department-wise number of outstanding IRs and audit observations

Sl. No.	Name of department	Nature of receipts	No. of outstanding IRs	No. of outstanding Audit observations	Money value involved (₹ in crore)
1.	Finance	Taxes/VAT	67	303	21.51
		Professional Tax	08	11	0.09
		Agricultural Income Tax	-	-	-
		Amusement Tax	03	08	0.77
		Luxury Tax	-	-	-
2.	Industries and Commerce	Mines and Minerals	-	-	-
3.	Revenue	Stamp Duty and Registration Fees	22	39	1.14
4.	Excise	State Excise	21	64	19.04
5.	Transport	Taxes on Vehicles/Taxes on Goods and Passengers	15	75	33.25
Total			**136**	**500**	**75.80**

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of the IRs for 128 IRs issued during 2016-17. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices and the departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG (Audit) in the IRs.

It is recommended that the Government take suitable steps to install an effective procedure for prompt and appropriate response to audit observations as well as take action against officials/officers who fail to send replies to the IRs/paragraphs as per the prescribed time schedules and also fail to take action to recover loss/outstanding demand in a time bound manner.

4.1.6.2 Response of the departments to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India (CAG) are forwarded by the AG (Audit) to the Principal Secretaries/Secretaries of the department concerned, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of the replies from the departments/Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Three draft paragraphs and two draft Performance Audit Reports of "Systems and Procedures in force in the Taxes and Excise Organisation regarding Excise Duty" and "Border Area Development Programme (BADP)" were sent to the Principal Secretaries/Secretaries of the respective departments (June and August 2017). Replies to both the two Performance Audit Reports were received and have been suitably incorporated in the Report. The replies for three Draft Paragraphs had not been received (February 2018).

4.1.6.3 Follow up on the Audit Reports-summarised position

The internal working system of the Public Accounts Committee (PAC), notified in December 2002, laid down that after the presentation of the Report of the CAG in the Legislative Assembly, the departments shall initiate action on the audit paragraphs and the *suo motu* reply thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. In spite of these provisions, the *suo motu* reply on audit paragraphs of the Reports were being delayed inordinately. 13 paragraphs (including four performance audits) included in the Reports of the CAG on the Revenue Sector, Government of Tripura for the years 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 were placed before the State Legislative Assembly between March 2013 and March 2017. The reply from the departments concerned on eight paragraphs were received late with delays ranging from 1 to 43 months. The reply in respect of five paragraphs from three departments (Revenue: 2, Transport: 1 and Finance: 2) had not been received (February 2018) for the Audit Reports for the years ended 31st March 2011-12 to 2015-16.

The PAC discussed (17th April 2012) five[2] selected paragraphs pertaining to the Audit Report for the year 2007-08, 2008-09 and 2009-10 and made 25 recommendations[3] on the five paragraphs which were incorporated in its 112th Report (September 2012). The Action Taken Notes (ATNs) on the 112th PAC Report have been discussed in the PAC in July 2013 in which the Committee had made 22 recommendations[4] which were incorporated in the 114th PAC Report (March 2014). The Action Taken Notes (ATNs) on the 114th PAC Report have been discussed in the PAC in 21st May 2015 in which the Committee had made 12 recommendations[5] which were incorporated in the 130th PAC Report (March 2016). However, ATNs on the 130th PAC Report had not been received (February 2018) from the departments concerned as mentioned in **Table 4.1.10.**

Table 4.1.10

AR Year	Name of department	Para No	No. of PAC recommendation	ATN received	ATN awaited
2007-08	Finance (Excise & Taxation) Department	6.15	3	Nil	3
2008-09		4.5	1	Nil	1
2009-10		4.4	8	Nil	8
Total		**3**	**12**	**Nil**	**12**

4.1.7 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the IRs/Audit Reports by the departments/Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last ten years for one department is evaluated and included in this Audit Report.

2 Para 6.15 of AR 2007-08, Para 4.5 of AR 2008-09 and Paras 4.2, 4.3 and 4.4 of AR 2009-10.

3 Para 6.15 of AR 2007-08: 11, Para 4.5 of AR 2008-09: 1 and Para 4.2: Nil, Para 4.3: Nil and Para 4.4: 13 of AR 2009-10.

4 Para 6.15 of AR 2007-08: 9, Para 4.5 of AR 2008-09: 1 and Para 4.4 of AR 2009-10: 12.

5 Para 6.15 of AR 2007-08: 3, Para 4.5 of AR 2008-09: 1 and Para 4.4 of AR 2009-10: 8.

The succeeding **Paragraphs 4.1.7.1** & **4.1.7.2** discuss the performance of the Finance (Excise & Taxation) Department in the above respect with reference to cases detected in the course of local audit during the last ten years and the cases included in the Audit Reports for the years 2007-08 to 2016-17.

4.1.7.1 Position of Inspection Reports

The summarised position of the IRs issued during the last ten years, paragraphs included in those reports and their status as on 30th June 2017 in respect of Finance (Excise & Taxation) Department are tabulated in **Table 4.1.11.**

Table 4.1.11: Position of IRs

(₹ in crore)

Years	Opening balance			Addition during the year			Clearance during the year			Closing balance as on June		
	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
2007-08	24	63	2.38	10	43	2.15	01	05	0.11	33	101	4.42
2008-09	33	101	4.42	06	18	1.73	-	04	0.18	39	115	5.97
2009-10	39	115	5.97	04	12	0.36	03	11	0.16	40	116	6.17
2010-11	40	116	6.17	19	78	7.85	-	22	1.63	59	172	12.39
2011-12	59	172	12.39	12	48	5.36	-	03	0.06	71	217	17.69
2012-13	71	217	17.69	12	51	4.17	-	01	0.07	83	267	21.79
2013-14	83	267	21.79	14	76	6.28	21	76	10.48	76	267	17.59
2014-15	76	267	17.59	15	89	13.96	11	66	3.62	80	290	27.93
2015-16	80	290	27.93	17	80	11.35	14	58	5.04	83	312	34.24
2016-17	83	312	34.24	14	96	8.38	01	30	1.98	96	378	40.64

It would be evident from **Table 4.1.11** that against 33 outstanding IRs with 101 paragraphs as at the end of June 2008, the number of outstanding IRs increased to 96 with 378 paragraphs at the end of June 2017. This is indicative of the fact that adequate steps were not taken by the department in this regard resulting in addition of the outstanding IRs and paragraphs.

4.1.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last ten years, those accepted by the Department and the amount recovered are shown in **Table 4.1.12.**

Table 4.1.12: Position of recovery of accepted Audit paragraphs of Audit Reports

(₹ in crore)

Year of Audit Report	Number of paras included	Money value of the paras	Number of paras accepted including money value	Money value of accepted paras	Amount recovered during the year	Position of recovery of accepted cases as of September 2017
2006-07	1[6]	0.06	-	-	-	-
2007-08	1	0.34	1	0.34	-	0.22
2008-09	3[7]	6.76	3	6.76	0.00[8]	0.11
2009-10	3	1.74	2	1.16	Nil	0.60
2010-11	3[9]	3.12	3	3.12	0.05	0.39
2011-12	1	0.87	1	0.87	0.02	0.07
2012-13	1	1.51	1	1.51	Nil	0.22
2013-14	3[10]	11.17	3	6.06	Nil	0.24
2014-15	2	0.39	2	0.39	0.23	0.28
2015-16	2	0.46	2	0.46	-	-
Total	**20**	**26.42**	**18**	**20.67**	**0.30**	**2.13**

It is evident from **Table 4.1.12** that the progress of recovery even in accepted cases was very slow. During the last ten years, 20 paragraphs involving ₹ 26.42 crore featured in the Audit Reports, of which 18 paragraphs involving ₹ 20.67 crore had been accepted by the State Government. Out of this, ₹ 2.13 crore (8.06 *per cent*) had been recovered (February 2018). Thus, the recovery of accepted cases needs to be pursued as arrears and recovered from the parties concerned.

The Department should take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

4.1.8 Action taken on the recommendations accepted by the departments/Government

The draft performance audits conducted by the AG (Audit) are forwarded to the concerned department for information with a request to furnish its replies. These performance audits are also discussed in exit conference and the department's views are incorporated/considered while finalising the Audit Report.

The following performance audits on the Finance (Excise & Taxation) Department and Transport Department featured in the Audit Reports of the last five years from 2011-12 to 2015-16. The number of recommendations and their status is given in **Table 4.1.13.**

[6] 1 Para (Para No. 6.15) has been referred to the State Government.
[7] Including one Performance Audit.
[8] Negligible figure amounting to ₹ 3,280 only.
[9] Including one Performance Audit.
[10] Including one Performance Audit.

Table 4.1.13

Year of Report	Name of the performance audit	No. of recomme-ndations	Status (as on September 2017)
2011-12	Computerisation of Transport Department in Tripura.	7	Reply had not been received. The Performance Audit had not been discussed by PAC.
2013-14	Computerisation of Value Added Tax (VAT) Systems in Tripura.	4	The Performance Audit had not been discussed by PAC.
2014-15	IT Audit on Computerisation of Land Records.	3	Reply had not been received. The Performance Audit had not been discussed by PAC.
2015-16	Collection of Revenue from outsourced Activities in Motor Vehicle Tax.	4	Reply had not been received. The Performance Audit had not been discussed by PAC.

4.1.9 Audit planning

The unit offices under various departments are categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter-alia* includes critical issues in Government revenues and tax administration *i.e.* Budget Speech, White Paper on State Finances, Reports of the Finance Commission (State and Central), recommendations of the taxation reforms committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during past five years, etc.

During the year 2016-17, there were 32 auditable units, of which 21 units were planned for audit and 19 units were actually audited.

Besides the compliance audit mentioned above, Performance Audits of “Systems and Procedures in force in the Taxes and Excise Organisation regarding Excise Duty” and “Border Area Development Programme (BADP)” were taken up during 2017-18 for inclusion in Revenue Sector of the Report of CAG for the year 2016-17.

4.1.10 Results of audit

Position of local audit conducted during the year

Test-check of the records of 19 units of Sales Tax/VAT, State Excise, Registration, Motor Vehicles and other departmental offices conducted during the year 2016-17 showed under assessment/short levy/loss of revenue/non-realisation of outstanding revenue aggregating to ₹ 8.19 crore in 70 cases. Of these, the departments recovered ₹ 0.35 crore involving four cases. During the year 2016-17, the departments concerned accepted underassessment and other deficiencies of ₹ 4.25 crore involved in four cases which were pointed out in audit.

4.1.11 Coverage of this report

This chapter contains two Performance Audit Reports on “Systems and Procedures in force in the Taxes and Excise Organisation regarding Excise Duty”, “Border Area Development Programme (BADP)” and three Compliance Audit Paragraphs having a financial effect of ₹ 31.87 crore.

Finance Department

4.2 Systems and procedures in force in the Taxes and Excise Organisation regarding Excise Duty

Government of Tripura collected ₹ 674.90 crore of excise revenue during the period 2012-17. The Performance Audit on "Systems and procedures in force in the Taxes and Excise Organisation regarding Excise Duty" covering the period 2012-17 was undertaken to assess the functioning of the Organisation with respect to grant of licenses and permits, levy and collection of excise revenue and adequacy and effectiveness of internal control mechanism.

Highlights

There was no prescribed standard norms for production of IMFL resulting in loss of revenue of about ₹ 1.39 crore.

{Paragraph 4.2.9.1(i)}

Fresh permits were issued by adjusting the import permit fee of lapsed permits which was irregular and resulted in loss of ₹ 1.33 crore.

{Paragraph 4.2.9.2(ii)}

Undue financial benefit of ₹ 0.75 crore was extended to four bonded warehouses as residual import fee payable on revision of rates was not realised.

{Paragraph 4.2.9.2(iii)}

There was no mechanism to ensure realisation of residual excise duty after revision of rates, which resulted in loss to Government of ₹ 1.43 crore.

{Paragraph 4.2.9.3(i)}

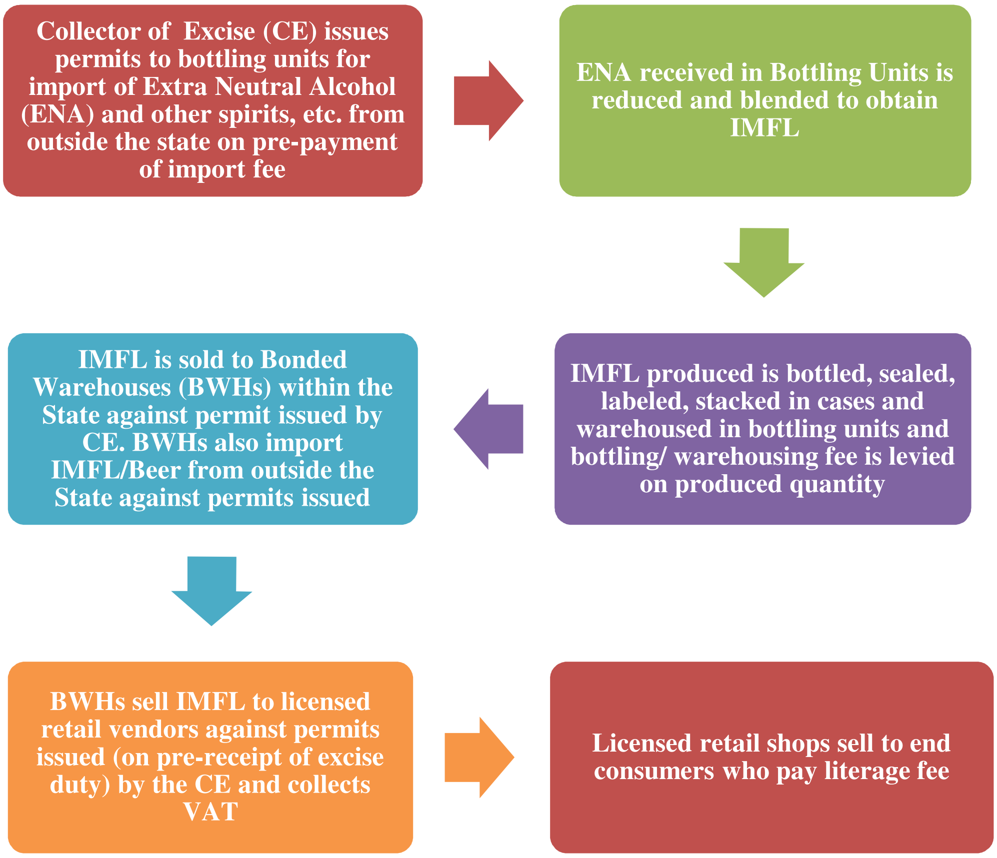
There was no provision for imposition of interest and penalty on delayed payment of excise dues which led to undue delay in payment by the licencees.

(Paragraph 4.2.10.1)

4.2.1 Introduction

Taxes and Excise Organisation, functioning under the Finance Department, Government of Tripura, plays an important role in mobilisation of tax revenue. Excise Duty is levied on all alcoholic liquors meant for human consumption by the State Government under a constitutional provision (Entry 51 of the State List contained in the Seventh Schedule to the Constitution of India). The functioning of the State Excise Organisation is governed by the provisions of the Tripura Excise Act, 1987 and the Tripura Excise Rules, 1990, as amended from time to time, and various administrative orders. Import, bottling, distribution and sale of liquor in the State are controlled through licensed bottling units, bonded warehouses and the retail shops. Excise revenue is generated through imposition of duties and fees on import, bottling, storage and sale of liquor.

The procedure involved in production, distribution and sale of India Made Foreign Liquor (IMFL) in the State is indicated in the work flow chart below**:**



4.2.2 Organisational set up

The Commissioner of Taxes and Excise is the head of the organisation in the State. The Commissioner is assisted by the Deputy Excise Commissioner and two Assistant Excise Commissioners at the State headquarters. The State is divided into eight excise districts, which are also the revenue districts of the State, for administration of levy and collection of excise duties. In the districts, the District Magistrate & Collector functions as the Collector of Excise (CE) who is entrusted with the responsibility of supervision and control over the working of the distilleries, bonded warehouses and the retail shops in the district. The CE is assisted by a Superintendent of Excise along with Excise Inspectors and other supporting staff.

4.2.3 Scope of Audit

The Performance Audit (PA) was conducted during April to June 2017 through test check of records pertaining to the period from 2012-13 to 2016-17. The Office of the Commissioner of Excise, Agartala and five out of eight District Collectors of Excise (CEs) were selected for audit. The district units were selected considering the revenue generated during the period covered in audit and other relevant risk factors based on past audit experience. The audit team examined records in the Office of the Commissioner of Excise, Tripura and five[11] excise districts of the State covered in this PA. All the two Bottling Plants, four IMFL and the lone Country liquor Bonded Warehouse in the State were also selected for audit.

4.2.4 Audit objectives

The Performance Audit was conducted to ascertain whether:

a. the systems and procedures in place were effective and adequate for the purpose of grant of licences and permits for import, manufacture, distribution and sale of liquor;

b. the systems and the procedures for regulating levy and collection of various duties, fees and fines under the Act and Rules were sufficient and were complied with by the Department; and

c. the internal control mechanism was adequate and effective for ensuring compliance with the extant rules and regulations and prevented leakage of revenue.

4.2.5 Audit criteria

The criteria used for the Performance Audit are as follows:

a. Statutory requirements under the provisions of the Tripura Excise Act, 1987, Tripura Excise Rules, 1990, the Tripura Excise (Amendment) Rules 1991, the Tripura Excise (Registration of Brand names, Labels, Capsules) Rules 1996 and the Tripura Excise (Import of IMFL and Beer) Rules 1996;

b. Policies, procedures and systems laid down by the Government/Department and best practices followed in other States;

c. Executive orders, memorandum and notifications issued by Government/Department from time to time; and,

d. General Financial Rules, 2005.

[11] Districts, Units and Distilleries/Bonded Warehouses covered in PA are:

Districts covered	Units covered in PA	Distilleries/ Bonded Warehouses covered in PA
West Tripura	i) Office of the Commissioner of Excise ii) Collectorate of Excise, West Tripura	a) Gemini Distilleries Pvt. Ltd. b) New Rajdhani Bonded Warehouse c) Tripura Bonded Warehouse d) Tripura Small Scale Industries Country Liquor Bonded Warehouse
Dhalai	Collectorate of Excise, Dhalai	-
Gomati	Collectorate of Excise, Gomati	a) Udaipur Bonded Warehouse
North Tripura	Collectorate of Excise, North Tripura	-
Unakoti	Collectorate of Excise, Unakoti	a) Unakoti Bottling and Beverages Pvt. Ltd. b) Unakoti Bonded Warehouse

4.2.6 Audit Methodology

An Entry Conference was held on 8 April 2017 with the Commissioner of Excise, Government of Tripura, wherein the audit objectives, scope and criteria were discussed. Audit conclusions were drawn after scrutiny of records, analysis of the available data and responses to questionnaires and audit memos. The draft report was issued to the Department on 16 August 2017 and reply was received on 6 November 2017. Audit findings were discussed with the Principal Secretary, Finance Department in an Exit Conference held on 9 November 2017. Views of the Organisation/ Department have been suitably incorporated in this PA, wherever applicable.

4.2.7 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the State Excise Organisation in providing necessary information and records as and when required by audit.

4.2.8 Financial Analysis

4.2.8.1 Trend of collection of excise duties

The trend of collection of excise duties during the period from 2012-13 to 2016-17 is given in **Table 4.2.1:**

Table 4.2.1: Trend of collection of excise duties

(₹ in crore)

Year	Budget Estimates	Actual collection	Variation increase (+)/ decrease(-)	Percentage variation
2012-13	100.00	114.00	(+)14.00	(+)14
2013-14	128.70	115.18	(-)13.52	(-)11
2014-15	179.46	138.96	(-)40.50	(-)23
2015-16	180.00	143.57	(-)36.43	(-)20
2016-17	165.00	163.19	(-)1.81	(-)1

Source: Budget at a Glance and Finance Accounts for 2012-13 to 2016-17.

It could be seen from **Table 4.2.1** that actual collection increased consistently from 2012-13 to 2016-17. However, it lagged behind the budget estimates in four out of five years of the audit period. Moreover, the variation between budget estimates and actual collection showed an erratic trend, ranging from (+) 14 to (-) 23 *per cent.*

4.2.8.2 Cost of collection

A comparison between revenue realised and cost of collection is shown in **Table 4.2.2**:

Table 4.2.2: Revenue realised and cost of collection

(₹ in crore)

Year	Revenue collected	Cost of collection	Percentage of cost of collection	All India average of cost of collection
2012-13	114.00	1.35	1.18	2.96
2013-14	115.18	1.66	1.44	1.81
2014-15	138.96	1.91	1.37	2.09
2015-16	143.57	2.60	1.81	3.21
2016-17	163.19	7.37	4.52	NA

Source: Finance Accounts.

It could be seen from **Table 4.2.2** that the percentage of expenditure on cost of collection during the first four years (2012-16) had registered, by and large, a uniform trend. However, in 2016-17, the expenditure on collection of revenue was 4.52 *per cent* in contrast with the preceding year's expenditure of 1.81 *per cent*, an increase of 183.46 *per cent* in cost of collection within one year. The Organisation replied (November 2017) that the sudden increase in cost of collection were due to recruitment of new staff as well as revision of grade pay.

4.2.9 Audit findings

In Tripura, bottling units, bonded warehouses and retail shops produce and distribute IMFL/Beer within the State. Besides, there is one Country Liquor Warehouse for supply of country liquor to the consumers through the retailers located across the State. Audit findings are categorised accordingly.

4.2.9.1 Bottling units

As no distillery had been set up in Tripura, there was no production of Extra Neutral Alcohol (ENA)[12] and other malt spirits in the State. To meet the demand for ENA and other malt spirits required for production of IMFL/Beer, the licenced bottling units import ENA and other spirits from outside the State against import permits issued by the CEs.

Deficiencies in the working of bottling units were noticed in audit. They are discussed in the ensuing paragraphs:

4.2.9.1 (i) Production of IMFL from ENA

In the Bottling Units, ENA of various strengths (minimum 68 degree over proof) is reduced to 75 degree proof and blended with colour and flavour to derive IMFL for human consumption. As per standard norms followed by Assam and Meghalaya, 4[13] Bulk Litre (BL) of ENA is required to produce one case[14] of 750 ml/375 ml IMFL bottles and 3.86 BL of ENA is required to produce one case of 180 ml IMFL bottles.

[12] ENA is a highly distilled alcohol without any impurities. ENA is considered as the best quality alcohol to be used in production of various alcoholic beverages. At 20^0 Celsius, the strength of ENA is minimum 96 *per cent* v/v, which is equal to 68^0 over proof.

[13] Requirement of ENA to produce 1 case of 750/ 375 ml bottles: (9 BL × 0.75)/ 1.68 = 4.01 BL ENA

[14] One case contains 12 bottles of 750 ml or 24 bottles of 375 ml or 48 bottles of 180 ml. Each case of IMFL consisting 750/375 ml bottles contains 9 BL or 6.75 LPL and one case of 180 ml IMFL bottles contain 8.64 BL or 6.48 LPL; thus, average content per case is calculated as 8.8 BL or 6.615 LPL.

Thus, on an average, 3.93 BL of ENA would be required for producing one case of 750 ml/ 375 ml/ 180 ml IMFL bottles. The Excise organisation collects Excise duty in London Proof Litre (LPL) which is 0.75 of one BL.

The Tripura Excise Act, 1987 and Tripura Excise Rules, 1990, however, do not provide any standard norm for production of IMFL from ENA. The organisation had also not prepared any technical manual/norms for production of IMFL. Hence, the excise duty payable on the total quantity of IMFL produced from the imported ENA is open to manipulation and there is risk of evasion of tax by way of claims of less production of IMFL.

Test check of records of the selected bottling units revealed that production trend in Unakoti Bottling and Beverages Ltd., Kumarghat were on the lines of standard norm discussed above. However, in the other bottling unit, Gemini Distilleries Pvt. Ltd., Bodhjungnagar, Agartala, 31.36 lakh BL of ENA was utilised to produce 7,91,062 cases of IMFL during the last five years. As per the standard norm, a minimum of 7,97,956 cases[15] of IMFL should have been produced. Thus, there was a shortfall in production of 6,894 cases of IMFL. Considering that only the ENA was used in the production of IMFL without involving malt spirits, loss in revenue due to short production amounted to ₹ 1.39 crore (excise duty: ₹ 1.03 crore[16] and VAT: ₹ 0.36 crore[17] calculated at prevailing rate). The loss would be even more if malt spirit utilisation is taken into account.

The Organisation stated (November 2017) that there was no standard norm provided in The Tripura Excise Act, 1987 and Tripura Excise Rules, 1990 for production of IMFL from ENA. The organisation also stated that consumption of ENA for production of IMFL may vary according to the size of the bottles and content of case. Thus, using average parameter to calculate outcome of ENA uses would not be practicable.

The reply of the Organisation is not tenable as all over India, size of the bottle is the same, i.e, 750 ml, 375 ml and 180 ml and also all over India, the content of the concentrate is the same. The Organisation may fix specific norms for production of every size i.e. 750/375 ml and 180 ml bottles or follow the norms adopted in the neighbouring States.

4.2.9.1 (ii) Production loss

In one[18] out of the two bottling units covered in audit, loss in production was 69,037.10 BL blend spirits representing 7,845 cases[19] of IMFL during 2012-17, which involved excise duty of ₹ 1.17 crore and VAT of ₹ 0.41 crore at prevailing rates. There was no provision for allowing such losses during production under the relevant Act and Rules or any specific order of the Organisation. The Organisation did not

[15] 31,35,965.336 /3.93 = 7,97,956 cases
[16] 6,894 cases X 6.615LPL= 45,604 LPL X ₹ 225/LPL = ₹1,02,60,900
[17] 35 *per cent* of ₹ 1,02,60,900= ₹ 35,91,315.
[18] Gemini Distilleries Private Limited, Bodhjangnagar, Agartala
[19] One case of IMFL contains an average 8.8 BL of Blend Spirit.

take note of the benefit of unauthorised production loss availed by the unit to prevent any concealed production. While one bottling unit continued to avail unauthorised production loss in each batch of production, the other unit (Unakoti Bottling and Beverages, Kumarghat) had not claimed any such production loss, although both the units followed the same production procedure.

The Organisation stated (November 2017) that Rule 87 of the Tripura Excise Rules, 1990 provides for wastage allowance of 1.5 *per cent* for stock and additional wastage of 2 *per cent* on the proof quantity of spirit removed for bottling in a Bonded Warehouse.

Rule 87(1) and (2) provide for wastage allowance during periodical stock taking and annual calculation of duty on such wastage respectively, but it is silent on allowing wastage allowance on production in a distillery, which is the point of the audit observation.

4.2.9.2 Bonded Warehouse

4.2.9.2 (i) Security Deposit

As per condition of licence (clause 12) and Rule 70 read with Rule 53 of the Tripura Excise Rules, 1990, before actual operation of a BWH, the licencee was required to (i) furnish security deposit of ₹ 50,000 either in cash or in Government Promissory Notes and (ii) execute a hypothecation bond in the prescribed form pledging the warehouse with stock of liquor, etc. for due discharge of all payments of Government revenue which may become due. Clause 16 further provides that breach of any conditions of the licence would entail forfeiture of the security deposit.

Audit scrutiny revealed that in the case of one BWH[20], the existing security deposit of ₹ 50,000 was not realised at all. The same licencee had continuously been operating the BWH for more than 18 years (₹ 50,000 fixed in November, 1999) without security deposit. Further, hypothecation deed which was required to be executed on stock to Government in this case as per clause 12 of the licence, was also not done.

The Organisation stated (November 2017) that steps had been taken to realise the security deposit from the BWH as per Rule.

4.2.9.2 (ii) Issue of fresh permit against lapsed permit

As per Tripura Excise Rules, 1990, import of IMFL/Beer into the State should be supported by an import permit issued by the CE on pre-payment of import permit fee by the BWHs at rates notified by the Government from time to time. The import permits so granted would remain valid for such period as may be specified in the permit (normally three months from date of issue). Moreover, as per Memorandum dated 22 April 1997, Bonded Warehouses executing bond under Rule 6 of Tripura Excise (Import of IMFL and Beer) Rules 1996 may be given a time of 75 days after expiry of the date of import permit to produce Non-Execution Certificate (NEC). In

[20] Udaipur Bonded Warehouse.

case of failure to produce NEC, no permit shall be issued to the defaulting Bonded Warehouse till they deposit the Excise duty payable on such permit or submit NEC.

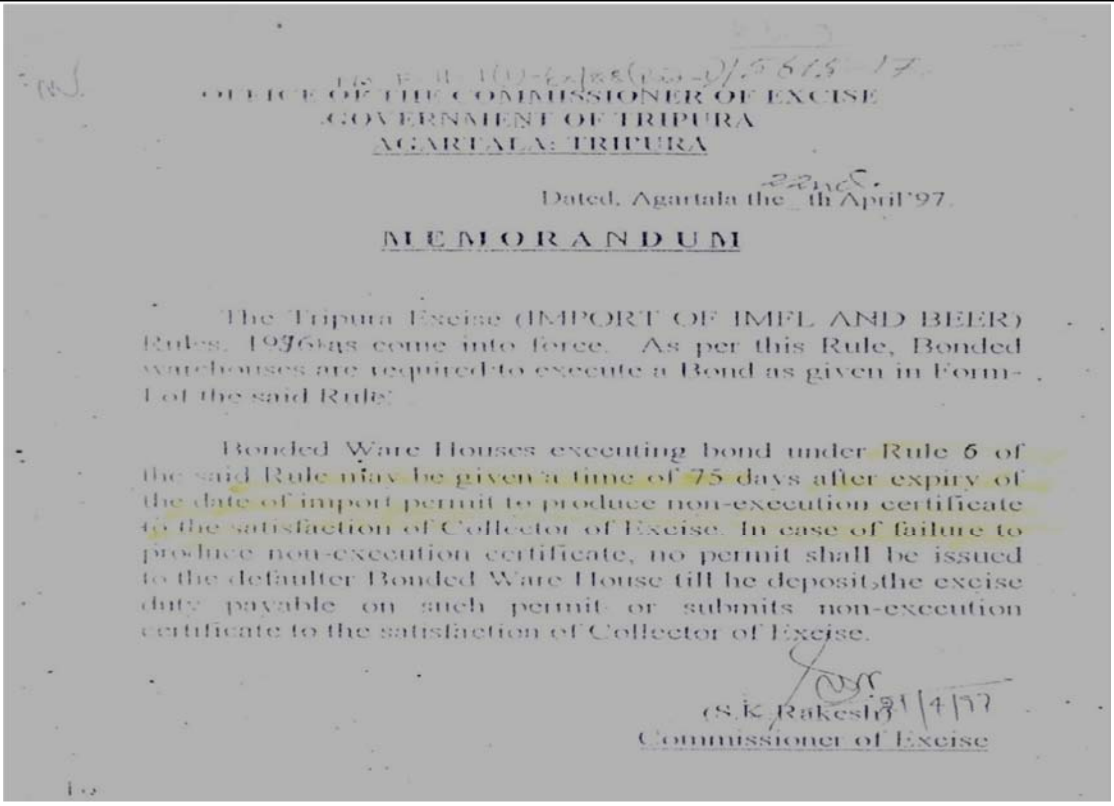
It was revealed that BWHs[21] could not utilise 197 import permits[22] within the validity period during 2012-17. They also did not seek re-validation before the lapse of the unexecuted import permits. On submission of NEC by the BWHs after expiry of he validity period, the Organisation issued fresh import permits by simply adjusting the pre-paid import permit fees of the lapsed permits. The excise revenue involved in this practice of issuing fresh import permit on 197 expired import permits was ₹ 1.33 crore as detailed in **Table 4.2.3**. This was irregular as the Tripura Excise Act & Rules do not provide for adjustment of fees for fresh import permits against fees already paid for import permits which were not utilised.

Table 4.2.3: Statement showing issue of fresh import permit against lapsed import permit for import of IMFL/Beer to four Bonded Warehouses

Sl. No.	Name of Bonded Warehouse	Collector of Excise	No. of import permits	Quantity *(in BL)*	Amount *(₹ in lakh)*
1	M/s Kumarghat Bonded Warehouse, Kumarghat	Collector of Excise, Unakoti District	83	6,75,582.0	62.80
2	M/s New Rajdhani Bonded Warehouse, Math Chowmuhani, Agartala	Collector of Excise, West Tripura District	46	3,96,345.0	30.68
3	M/s Tripura Bonded Warehouse, Motor Stand Road, Agartala	Collector of Excise, West Tripura District	58	4,30,650.6	31.94
4	M/s Udaipur Bonded Warehouse, Udaipur	Collector of Excise, Gomati District	10	87,090.0	7.41
Total			**197**	**15,89,667.6**	**132.83**

The Organisation stated (November 2017) that adjustment was done in accordance with the spirit of the Memorandum No. F.II-1(1)-Ex/88(Pad-1)/5615-17 dated 22 April 1997 issued by the Commissioner of Taxes, Government of Tripura and prescribed import format as shown in **Photograph 4.2.1** below.

[21] Kumarghat Bonded Warehouse at Kumarghat, New Rajdhani Bonded warehouse and Tripura Bonded Warehouse at Agartala and Udaipur Bonded Warehouse at Udaipur.
[22] Obtained for import of IMFL from outside the State on pre-payment of prescribed import fee



OFFICE OF THE COMMISSIONER OF EXCISE
GOVERNMENT OF TRIPURA
AGARTALA: TRIPURA

Dated, Agartala the 22nd th April'97

MEMORANDUM

The Tripura Excise (IMPORT OF IMFL AND BEER) Rules, 1996 has come into force. As per this Rule, Bonded warehouses are required to execute a Bond as given in Form-I of the said Rule.

Bonded Ware Houses executing bond under Rule 6 of the said Rule may be given a time of 75 days after expiry of the date of import permit to produce non-execution certificate to the satisfaction of Collector of Excise. In case of failure to produce non-execution certificate, no permit shall be issued to the defaulter Bonded Ware House till he deposit the excise duty payable on such permit or submits non-execution certificate to the satisfaction of Collector of Excise.

(S.K. Rakesh) 21/4/97
Commissioner of Excise

Photograph 4.2.1: Memorandum dated- 22 April 1997

The Memorandum however, addresses the issue of production of NEC or deposit of excise duty in case of any default in import, and not on adjustment of import fee, which is point of the audit observation.

Verification of NEC

The issue of NECs for non-execution of import permit of IMFL were done by the Excise Inspector of the exporting distilleries. The organisation had not put in place any mechanism for cross verification of genuineness of the NECs with the issuing authorities. In this context, the best practices prevailing in other neighbouring States where the countersignature of the Superintendent of Excise of the consignor districts was required in the NECs should be referred and adopted by the organisation.

The Organisation stated (November 2017) that cross verification of NEC would be initiated with local distilleries, while it may not be possible in case of distilleries outside the State.

The Organisation may initiate a system of regular cross verification of NEC with local as well as outside distilleries.

4.2.9.2 (iii) Enhanced import fee

BWHs import liquor (IMFL & Beer) under authority of a licence issued by the Collector of Excise for supply to retail licence vendors within the State. The import permit is issued to BWHs on pre-receipt of import fee (against import from outside the State only) at rates fixed by Government from time to time. The import fee so paid is recouped by the BWHs from retail vendors on sale.

The rate of import fee on IMFL and Beer was revised by the Government with effect from 21st December 2016 (IMFL: ₹ 20 from existing ₹ 15 per BL; Beer: ₹ 10 from existing ₹ 6 per BL). Scrutiny of the records of four [23] BWHs revealed that a stock of IMFL (10,00,611.3 BL) and Beer (6,34,812 BL) from imports outside the State, were available with the BWHs for sale on or after 21st December 2016 i.e. the day on which revised rate was effective. This stock of liquor was imported against import permit issued prior to revision of rates at pre revised rate (IMFL: ₹ 15/BL and Beer: ₹ 6/BL) as detailed in **Table 4.2.4.**

Table 4.2.4: Statement showing total available stock of liquor in four Bonded Warehouses as on 21.12.2016

Name of the Bonded Warehouse	Quantity in stock		Difference of pre-revised and revised rates of import fee	Import fee involved (₹ *in lakh*)
	IMFL (*in BL*)	Beer (*in BL*)		
Kumarghat BWH	3,53,680.45	3,02,213.30	IMFL at the rate of ₹ 5 per BL and Beer at the rate of ₹ 4 per BL	29.77
Udaipur BWH	4,09,280.90	2,15,782.35		29.10
Tripura BWH	1,07,185.59	28,037.20		6.48
Rajdhani BWH	1,30,464.36	88,779.10		10.07
Total	**10,00,611.30**	**6,34,811.95**		**75.42**

Further scrutiny revealed that with the revision of rates, the BWHs sold the old stock liquor to retail vendors at the revised rates from 21st December 2016. Thus, the BWHs had realised an extra import fee of ₹ 75.42 lakh at the revised rates on the old stock which was payable to the Government. The BWHs had neither credited the same to Government account nor did the Organisation recover the extra revenue due to Government. On this being pointed out (August 2014 - January 2015) in audit earlier, the Organisation realised (August 2014 – July 2015) extra import fee (₹ 19.60 lakh) at revised rate on stock of liquor on account of enhancement of import fee from 7th November 2013.

While accepting audit observation, the Organisation stated (November 2017) that steps had been taken to realise enhanced import fee.

4.2.9.3 Retail liquor shops

4.2.9.3 (i) Enhanced excise duty

Rule 175 read with Rule 188 of Tripura Excise Rules, 1990 provides that regular and accurate daily accounts shall be maintained by all persons holding licenses for the manufacture or vend of any intoxicant, that shall be produced as and when called for and also report to the Collector of Excise on arrival and receipt of all liquor consignment immediately stating the description and quantity of such liquor.

Licenced retail vendors lift liquor from BWHs against lifting permits issued by the district excise authorities against pre-receipt of excise duty payable on the quantity

[23] Tripura BWH and Rajdhani BWH under West Tripura District, Kumarghat BWH under Unakoti District and Udaipur BWH under Gomati District.

permitted. The rate of excise duty on liquor was revised for IMFL from ₹ 200 per LPL to ₹ 225 per LPL and Beer from ₹ 30 per BL to ₹ 40 per BL with effect from 21th December 2016.

Scrutiny revealed that as on 20 December 2016, 54 licenced IMFL retail shops in the five districts covered under this PA had a total stock of 4,55,336.827 LPL of IMFL and 2,89,367.950 BL of Beer. Therefore, the extra amount of excise duty of ₹ 1.43 crore[24] on the old stock at the revised rate from 21 December 2016 had become payable to the Government. The Organisation could not ensure realisation of residual excise duty after revision of rates due to failure in enforcement of adequate and regular check of daily accounts maintained by the retailers as envisaged in Tripura Excise Rules, 1990. This resulted in loss to Government of ₹ 1.43 crore.

4.2.10 Other points of interest

4.2.10.1 Provision of the Act and Rules

Test check of the records for the period 2012-17 relating to payment of various excise duties by the licencees revealed that there was inordinate delay in payment of Government dues. There was no provision for levy of interest or penalty from the defaulting licencees in the Tripura Excise Act, 1987 and the Tripura Excise Rules, 1990.

The Motor Vehicles Act and Tripura Value Added Tax Act provide provisions for imposing interest or penalty on any defaulter. In case of Sales Tax in particular, Section 25(1) of the Tripura Value Added Tax Act, 2004 provide for imposition of interest at the rate of one and half *per cent* per month from the date the tax payable had become due to the date of its payment.

Test check of 851 out of 3,816 cases (22.30 *per cent*) of payment of Government revenue during 2012-13 to 2016-17 revealed that the delay in payment of excise dues to Government by the licencees ranged from 1 to 12 months as detailed in **Table 4.2.5** below.

Table 4.2.5: Period of delay in payment of excise dues

Delay	1 month	2 months	3 months	4 months	5 months	6 months	7 months	8 months	12 months
Number of cases	363	220	138	71	32	22	2	2	1

Had there been provision in the Excise Act and Rules for interest or penalty for default in payment in line with the Sales Tax Act, the interest accrued in these 851 cases would have been around ₹ 37.37 lakh.

Thus, absence of interest or penalty provision for default in payment of Government revenue in the Excise Act and Rules unlike in the Motor Vehicle Act and Sales Tax

[24] (IMFL: 4,55,336.827 LPL X ₹ 25 per LPL= ₹ 1,13,83,421) + (Beer: 2,89,364.950 BL X ₹ 10 = ₹ 28,93,650) i.e. ₹ 1,42,77,070.

Act not only resulted in failure to serve as deterrent for late payment of Government revenue but also caused loss to Government.

The organisation stated (November 2017) that they would examine the issue and decision would be taken.

4.2.10.2 Co-ordination with other Organisations

In respect of sale of goods on which excise duties were applicable under the Tripura Excise Act as well as VAT under Tripura VAT Act, a close coordination between the Commercial Tax Organisation and Excise Organisation was essential to ensure proper control and monitoring on the transactions on which tax was applicable to prevent leakage of revenue.

Scrutiny of the working of the two organisations with regard to the complimentary roles both the organisations could play in ensuring the shared task of augmenting the revenue of the State Government revealed that more needs to be done to prevent leakages of revenue due to Government as discussed below:

a. Taxation Organisation makes assessments of dealers to determine the annual turnover for calculation of VAT by cross verification of import/sale records of IMFL, Beer, etc. This information can be shared between the two organisations so that it could serve as a source of crucial data for the Excise Organisation to cross check the correctness of excise duties paid by the licencees.

b. All registered dealers (turnover exceeding ₹ 40 lakh[25]) are required to submit audited accounts annually to the Taxation Organisation to enable the assessing officers to cross verify the figures shown in the returns with those shown in the audited accounts certified by a Chartered Accountant. However, no such system existed in the Excise Organisation. A system of obtaining audited accounts along with annual return would have helped the Excise Organisation to detect variation in stock position of the licenced dealers.

The organisation stated (November 2017) that decision would be intimated after careful examination.

4.2.11 Conclusion

The performance audit revealed a number of systemic as well as procedural deficiencies in the organisation. Audit noticed non-adherence to standard norms of production by bottling units. The excise organisation issued fresh permits against the adjustment of import permit fee of lapsed permits. Audit also noticed absence of system of regular cross verification of NECs with the exporting States. There was no provision of interest or penalty for default in payment of Government dues. Enhanced import fee from Bonded Warehouses and Excise duty from retailers were not realised after revision of rates. Thus, the systems and procedures for regulating levy and collection were insufficient and ineffective.

[25] Under Section 53 of the Tripura Value Added Tax Act, 2004.

There was no provision of interest or penalty for default in payment of Government revenue in the Excise Act and Rules unlike in the Motor Vehicle Act and Sales Tax Act. This not only resulted in failure to serve as deterrent for late payment of Government revenue but also caused loss to Government.

4.2.12 Recommendations

Government may consider implementing the following:

a. A technical manual prescribing standard norms of production of IMFL from ENA may be prescribed to prevent evasion of Government revenue and to ensure quality of IMFL;

b. Issue of fresh permits against adjustment of import fee of lapsed permits may be reviewed. A mechanism for cross verification of NECs with the issuing authorities may be put in place;

c. Provision for imposition of interest/penalty on delayed payment of excise dues may be incorporated suitably.

Revenue Department

4.3 Border Area Development Programme

The Border Area Development Programme (BADP) has been implemented in Tripura since 1993-94. Government of Tripura spent ₹ 245.95 crore for implementation of 2007 works under various sectors in the state during 2012-17. The performance audit of BADP for 2012-17 was undertaken to assess whether the BADP was implemented in the State economically, efficiently and effectively.

Highlights

Baseline surveys were not conducted in the border villages and 83 *per cent* of the villages did not prepare village wise plans during 2012-17.

(Paragraph 4.3.7.1)

Government of India (GoI) short released ₹ 10.38 crore during 2014-15 and 2016-17 as the State Government failed to submit Utilisation Certificates.

(Paragraph 4.3.7.2)

There was suspected misappropriation of ₹ 0.38 crore, doubtful execution of work valued ₹ 0.12 crore and wasteful expenditure of ₹ 0.64 crore on eight works.

{Paragraphs 4.3.7.3 (i), 4.3.7.3 (ii) and 4.3.7.3 (iii)}

Improper planning and failure to conduct baseline surveys resulted in idle expenditure of ₹ 2.30 crore on execution of 19 projects and unfruitful expenditure of ₹ 18.18 lakh on two work.

{Paragraph 4.3.7.3 (v)}

Seven works valued at ₹ 0.98 crore for the benefit of individuals and 43 non permissible works amounting to ₹ 2.02 crore were executed.

{Paragraphs 4.3.7.3 (vi) and 4.3.7.3 (vii)}

Four works had been suspended after incurring expenditure of ₹ 1.29 crore due to shortage of fund and 39 works valued at ₹ 0.87 crore had not been started till April-June 2017 due to non finalisation of site, delay in sanction of estimates, shortage of funds, etc.

{Paragraph 4.3.7.3 (viii)}

4.3.1 Introduction

The Department of Border Management, Ministry of Home Affairs, Government of India (GoI), has been implementing the Border Area Development Programme (BADP), a Centrally Sponsored Scheme through the State Governments as part of a comprehensive approach to Border Management. BADP was started during the Seventh Five Year Plan (FYP) (1985-90) with the objective of balanced development of sensitive border areas in the Western Region through adequate provision of infrastructure facilities and promotion of a sense of security amongst the local population. The programme was revamped during the Eighth FYP (1992-97) and extended to States having an international border with Bangladesh. During the Ninth

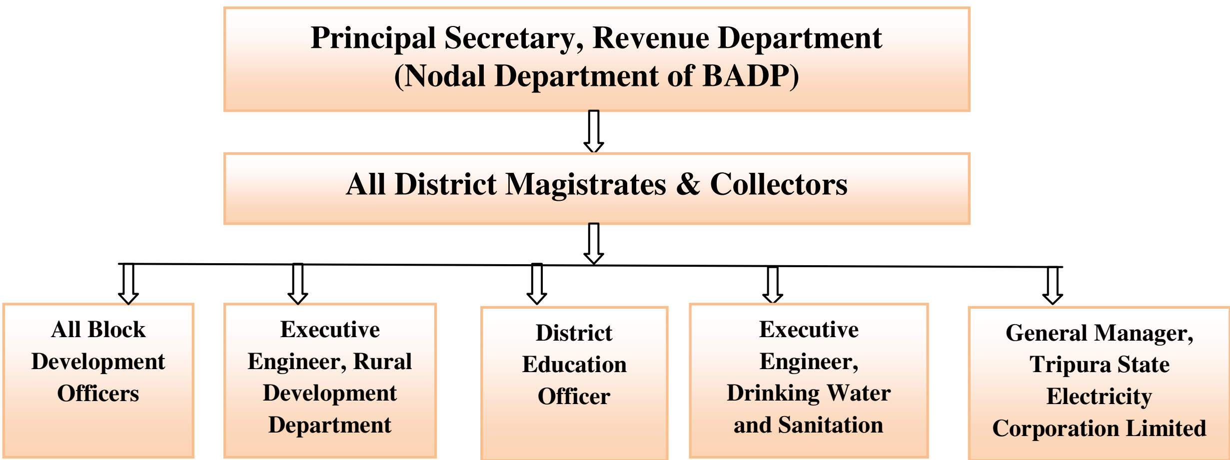
FYP (1997-2002), the programme was further extended to States located at the border of Myanmar, China, Bhutan and Nepal. Since 2008, BADP covers all the seventeen states in the country which share an international land border with the neighboring countries.

The programme aims to meet the special development needs of the people living in remote and inaccessible areas situated near the international border. It also aims to saturate the border areas with the required essential infrastructure through convergence of Central/State/Local schemes and participatory approach. Therefore, BADP is a major intervention strategy of the Central Government to bring about comprehensive development of border areas by supplementing the State Plan Funds to bridge the gaps in socio-economic infrastructure on one hand and by improving the security environment in border areas on the other.

The BADP has been in operation in Tripura, in the border blocks along the Indo-Bangladesh international border (856 Km) since 1993-94. Guidelines of the BADP were revised in February 2009, February 2014, June 2015 and January 2017.

4.3.2 Organisational Structure

The organisational set up for implementation of BADP is given in the organogram below:



4.3.3 Scope of Audit

Performance Audit (PA) on implementation of BADP in Tripura during the period from 2012-13 to 2016-17 was conducted during April 2017 to June 2017. Audit methodology involved test check of records of the BADP Cell of the Revenue

Department and three districts[26] out of eight districts in the State selected using Simple Random Sampling Without Replacement (SRSWOR) method. Nine out of fourteen Rural Development (RD) Blocks in the selected districts, all four RD Divisions, all two District Education Offices and three other units[27] under the three selected districts were covered in this PA. In addition, on the basis of media reports (newspaper clippings), three RD Blocks[28] (one each under West Tripura, Dhalai and North Tripura District) were covered.

Apart from scrutiny of records, physical inspection of projects along with departmental representatives was also conducted. Photographic evidence were taken where ever necessary, to substantiate audit findings. Beneficiary survey on capacity building and skill development was also conducted.

Details of selection of border blocks and execution of works are shown in **Table 4.3.1.**

Table 4.3.1: Details of selection of border blocks and works

(*in number*)

District		Border blocks			Works taken up during 2012-17			No of works physically verified
Total in the State	Selected	Total in the State	Total in the three selected districts	Total blocks selected for PA	Total in the State	No of works in three selected districts and in two additional selected blocks	No of works executed by 12 selected blocks	
08	03	31	14	12*	2007	967	759	419**

Note: * Out of 14 blocks in three selected districts nine blocks were selected and in addition on the basis of media reports (newspaper clippings) three blocks (one each under West Tripura, Dhalai and North Tripura District) were selected.

** In addition physical verification of 419 works out of 759 works executed in the selected blocks were also conducted.

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[26]

District covered in PA	Blocks covered in PA	Other Implementing Agencies covered in PA
West Tripura	Dukli Hezamara Mohanpur Bamutia	1. Executive Engineer, Agartala Rural Development Division 2. Executive Engineer, Agriculture Department 3. District Education Officer, West Tripura District
South Tripura	Hrishyamukh Rajnagar Satchand	1. Executive Engineer, Santir Bazar Rural Development Division 2. Executive Engineer, Satchand Rural Development Division
Unakoti	Gournagar Chandipur Kumarghat	1. Executive Engineer, Kumarghat Rural Development Division 2. District Education Officer, Unakoti District 3. District Rural Development Agency, Unakoti District 4. Deputy Director of Horticulture, Kumarghat

[27] Executive Engineer, Agriculture Department, West Tripura; District Rural Development Agency, Unakoti District and Deputy Director of Horticulture, Kumarghat, Unakoti District

[28] Mohanpur RD Block, West Tripura District; Dumburnagar RD Block, Dhalai District and Kadamtala RD Block, North Tripura District.

4.3.4 Audit Objectives

The PA was taken up to assess whether:

a. the planning process for the implementation of the scheme was adequate, effective and according to the BADP Guidelines;

b. the programme was implemented with due regard to economy, efficiency and effectiveness;

c. implementation of the scheme was properly monitored; and,

d. the objectives of the programme have been achieved.

4.3.5 Audit Criteria

The following sources of audit criteria were adopted for the PA;

a. Revised guidelines for BADP issued by the GoI during 2009, 2014 2015and 2017;

b. Orders/guidelines/circulars issued by Ministry of Home Affairs, Department of Border Management and the State Government from time to time;

c. Block, District and State level Annual Plans and schemes approved by the State Level Screening Committee (SLSC);

d. Minutes of the SLSC's meeting;

e. Physical and Financial Progress Reports;

f. General Financial Rules; and,

g. Prescribed monitoring mechanism.

4.3.6 Audit Methodology

The PA commenced with an Entry Conference (12 May 2017) with the Principal Secretary, Revenue Department, wherein the audit objectives, audit criteria and methodology were discussed. The draft Report was issued to the State Government in July 2017. The audit findings, conclusion and recommendations were discussed with the Principal Secretary in an Exit Conference held on 16 November 2017. Views of the Department during Exit Conference have been duly incorporated against the relevant paragraphs in this PA, where appropriate.

4.3.7 Audit Findings

4.3.7.1 Planning

Para 3.1 of the BADP Guidelines (Feb 2009 and February 2014) and Para 4.1 of the BADP Guidelines (June 2015) stipulates that BADP funds should ordinarily be used for meeting the critical gaps and the immediate needs of the border population. Planning and implementation of BADP should be on participatory and decentralised basis through the Panchayati Raj Institutions/Autonomous Councils/Other Local Bodies/Councils. Para 3.3 of the BADP Guidelines (Feb 2009 and February 2014) and

Para 4.3 of the BADP Guidelines (June 2015) further stipulates that a baseline survey is to be carried out in border villages in order to assess the gaps in basic physical and social infrastructure. Annual Action Plans (AAPs) for each village are to be prepared on the basis of the baseline survey. The AAP should indicate the projects/funding through State Plan Schemes/Centrally Sponsored Schemes (CSS)/Flagship Schemes of Government of India and the BADP. The AAPs are required to ensure the convergence of various Central/State schemes with the BADP.

Further, Para 3.2 of BADP Guidelines (June 2015) stipulates that District Administration should find out the resources and do the spatial mapping of the border block(s) covered under the BADP by taking into account the following and prepare block-wise plan accordingly.

a. The BADP funds should be utilised for undertaking developmental scheme in villages close to the 'Zero' line on the border on first priority.

b. Border Guarding Forces (BGFs) should draw a list of strategic prioritised villages in their respective areas and forward the same to the district authorities, State Government and Ministry of Home Affairs. The strategic border villages, as drawn by BGFs and endorsed by MHA, would be saturated first with respect to developmental activities such as road connectivity, electricity, drinking water supply, sanitation, health, agriculture & allied sectors, etc.

After saturating the strategically prioritised villages, other villages would be taken up for development.

Scrutiny of records revealed the following:

A. In 10 of the 12 Blocks[29] covered in audit, village wise plans were not prepared.

B. In the three districts[30] covered under this PA, baseline surveys were not conducted in the border villages during 2012-17. Thus, Annual Action Plans (AAPs) were prepared upto 2016-17 without conducting any base line survey which was required to be the basis for the bottom-up approach of BADP. The basis on which the AAPs were prepared without the baseline surveys, as required by the Guidelines, were not found on record.

C. Para 2.2 of BADP Guidelines (2009 and 2014) requires covering all the villages located within 0-10 km of the international border first. The next set of villages in the 0-20 km range are to be taken up only after saturation of 0-10 km villages.

29

District	Blocks covered in Audit	Blocks which did not prepare village wise plans
West Tripura	Dukli, Bamutia, Mohanpur, Hezamara	Mohanpur, Hezamara
South Tripura	Satchand, Rajnagar, Hrishyamukh,	Satchand, Rajnagar, Hrishyamukh
Unakoti	Gournagar, Kumarghat, Chandipur	Gournagar, Kumarghat, Chandipur
Dhalai	Dumburnagar	Dumburnagar
North Tripura	Kadamtala	Kadamtala
Total	**12**	**10**

30 West Tripura District, South Tripura District and Unakoti District

However, projects[31] were taken up randomly in villages located within 0-20 km, in each AAP from 2012-13 to 2016-17, without saturating the villages located within 0-10 km range first. Moreover, in South Tripura District, 19 works[32] of construction involving expenditure of ₹ 4.67 crore were taken up in 10 villages, which were more than 20 km from the international border. Thus, due process was not followed in the prioritisation process.

D. During 2012-17, District Magistrate and Collectors (DM & Collectors) of three districts covered under this PA sanctioned and placed ₹ 4.86 crore with 10 Implementing Agencies (IAs) for execution of 39 works in five sectors[33].

Scrutiny of records in respect of the 39 works revealed that:

i. ₹ 2.50 crore placed (January 2015 to August 2016) with the IAs for execution of 18 works could not be started due to site disputes although cement and Mild Steel rod worth ₹ 0.87 crore were booked in advance with Rural Development Store Division.

ii. In respect of four works, ₹ 0.91 crore was placed (August 2016) without sanction of estimates.

iii. In respect of four works, ₹ 0.19 crore was placed (November 2014) without feasibility study.

iv. ₹ 1.26 crore was placed (March 2016 to January 2017) with the IAs for execution of 13 works but reason for not starting the works (April 2017) was not found on record.

Details are given in **Appendix – 4.3.1**.

State Government stated (November 2017) that necessary instructions had been issued to all implementing agencies to henceforth conduct baseline surveys prior to identification of projects and finalisation of the Annual Action Plan. It was also stated that necessary instructions had been issued to the implementing agencies to ensure that no projects were undertaken on disputed land.

[31] Heritage Park near Gournagar Circuit House, boundary wall, additional class room, open community hall, brick soling of road, overhead tank, gallery, school building, old age home.

[32] Additional classroom, gallery, school building, hostel building, vocational training centre, development of auto parking and bus station etc.

[33]

Sector	No of works	Amount sanctioned (*₹ in crore*)
Education	8	1.00
Health	3	0.61
Agriculture	3	0.38
Social	6	1.25
Infrastructure	19	1.63

4.3.7.2 Financial Management

4.3.7.2 (i) Allocation of funds, budget and expenditure

Para 9.2 of the BADP Guidelines 2015 stipulates that funds should be released to states in two instalments. The first instalment of 90 *per cent* of the allocation of the State is to be released only after receipt of Utilisation Certificate (UC) for the amount released in the previous years except the preceding year. If there is any shortfall in furnishing the UCs for the amount released during the previous years, except the preceding year, the same should be deducted at the time of release of the first instalment. The second instalment of the remaining 10 *per cent* of the allocation of the State is to be released after furnishing of UCs of at least 50 *per cent* of the amount released during the preceding year and furnishing of physical and financial progress reports.

The position of allocation and release of Central Assistance, submission of UCs by the State Government to the GoI during 2012-17 is shown in **Table 4.3.2.**

Table 4.3.2: Details of allocation and release of funds by GoI and expenditure

(₹in crore)

Year	Allocation made by the GoI	Funds released by the GoI	Expenditure	Funds short released by GoI	Details of UCs submitted to GoI		
					Amount	Month of submission	Pending UCs
2012-13	48.25	48.25	48.25	0.00	48.25	April 15	-
2013-14	48.25	48.25	48.25	0.00	48.25	November 15	-
2014-15	48.25	37.98	37.98	10.27	37.88	January 17	0.10
2015-16	50.57	50.57	50.57	0.00	26.00	January 17	24.57
2016-17	71.00	70.89	60.90	0.11	-	-	60.90
Total	**266.32**	**255.94**	**245.95**	**10.38**	**160.38**		**85.57**

Source: Departmental records.

It was noticed that upto September 2014, State Government could not furnish UCs of ₹ 31.93 crore[34] against funds released (₹ 48.25 crore) during the year 2012-13. As a result, during 2014-15, GoI released only ₹ 37.98 crore in September 2014 against allocation of ₹ 48.25 crore thereby resulting in short release of ₹ 10.27 crore. GoI also short released ₹ 0.11 crore in 2016-17 as some projects included in the AAP for 2016-17 were not found to be permissible by the GoI as per the BADP Guidelines.

State Government stated (November 2017) that UCs could not be submitted in time as the works undertaken were in progress and could not be completed in the approved time frame due to local constraints.

4.3.7.2 (ii) Diversion of funds

Para 5.1[35] of the BADP Guidelines (June 2015) stipulates that funds for capacity building programmes should be utilised for training of youth for self-employment and skill up-gradation of artisans and weavers.

[34] UCs for ₹ 31.93 crore pertaining to 2012-13 were furnished in 2014-15 and 2015-16.
[35] Sl. No.4 (ix) of Annexure-I

During scrutiny of records, the following were observed:

a. In South Tripura District, Rajnagar Rural Development Block procured 20 desktop computers and one printer valued at ₹ 8.30 lakh for capacity building and skill development under BADP. However, 10 desktop computers and one printer valued at ₹ 4.23 lakh had been diverted for office use.

   State Government stated (November 2017) that desktop computers and printers were used temporarily in the office for urgent nature of works which were since being used for skill up gradation and capacity building as envisaged. However, no supporting documents/records were submitted. As a result, utilisation of the desktops for training of youth for self employment could not be vouched by audit.

b. In convergence with BADP, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and Panchayat Development Fund (PDF), DM & Collector, Unakoti District sanctioned ₹ 61.80 lakh for "Construction of Children Park" under Gournagar RD Block.

   However, during scrutiny of records, it was noticed that Executive Engineer, RD Kumarghat Division constructed one Squash (indoor game) building and one gymnasium at the District Magistrate's Staff Quarter Complex instead of the purpose for which fund was sanctioned. The work was completed in April 2015 at an expenditure of ₹ 33.82 lakh. Gymnasium equipment was procured for ₹ 27.98 lakh in December 2013.

   Hence, funds of ₹ 61.80 lakh was diverted in violation of the scheme guidelines.

   State Government stated (November 2017) that the case of diversion of funds for construction of Children park at Unakoti District was being looked into and necessary action would be taken.

4.3.7.3 Programme Implementation

The main objective of the BADP (Para 1 of BADP Guidelines) is to meet the special developmental needs of the people living in remote and inaccessible areas situated near the international border. Para 3.1 of the BADP Guidelines (February 2014) further stipulates that BADP funds shall ordinarily be used for meeting the critical gaps and the immediate needs of the border population.

Revenue Department, Government of Tripura allocated ₹ 245.95 crore during 2012-17 for implementation of 2007 works[36] throughout the State. Scrutiny of records revealed the following:

- 1,347 works were shown as completed.
- 354 works pertaining to 2015-16 and 2016-17 had not commenced.
- 306 works were shown as incomplete (as of March 2017) after showing physical progress ranging from 12.50 *per cent* to 99.93 *per cent* and incurring expenditure of ₹ 28.54 crore.

The Department stated (October 2017) that the reasons for non-commencement of 354 works and 306 incomplete works were due to non-availability of site, non-availability of material, shortage of funds, non-preparation of estimate, change of Implementing Officers, etc.

During 2012-17, in the selected 12 blocks 759 works were executed of which 419 (55 *per cent*) works were physically verified. Audit observations which arose during scrutiny of records and physical verification of works executed in the 12 blocks are summarised in **Table 4.3.3.**

Table 4.3.3: Summary of audit observation noticed in 12 test checked blocks

(₹in crore)

Sl No	Audit observation	No of works involved	Objected amount	Para reference
01	Suspected misappropriation	18	0.38	4.3.7.3 (i)
02	Doubtful execution of works	01	0.12	4.3.7.3 (ii)
03	Wasteful expenditure	08	0.64	4.3.7.3 (iii) A,B,C
04	Idle expenditure	19	2.30	4.3.7.3 (iv)
05	Unfruitful expenditure	01	0.18	4.3.7.3 (v)
06	Works executed for the benefit of individuals	07	0.98	4.3.7.3 (vi)
07	Non permissible works	43	2.02	4.3.7.3 (vii)
08	Blockade of funds and delay in completion of works	43	2.16	4.3.7.3 (viii)
Total		**140**	**8.78**	

36

(in number)

Sector	Total works
Education	471
Health	116
Agriculture	81
Infrastructure	514
Social	210
Security	154
Capacity building	153
Sports	57
Swach Bharat Abhiyan	28
Specific area scheme	50
Schemes suggested by BGF	125
Miscellaneous	48
Total	**2,007**

4.3.7.3 (i) Suspected misappropriation

During 2012-17, Block Development Officer (BDO), Dumburnagar Rural Development (RD) Block took up 28 works valued at ₹ 1.46 crore under BADP of which 17 works (including two-part works) were shown as completed.

Test check of records revealed that:

(A) Block Development Officer (BDO), Dumburnagar RD Block lodged (April 2017) an FIR against the Implementing Officer (IO) for misappropriation of ₹ 30.76 lakh[37] and absenting from office from May 2016. Out of ₹ 30.76 lakh, IO was paid ₹ 20.05 lakh as advance for payment against petty material and labour wages in respect of execution of eight projects under BADP. Details are in **Appendix-4.3.2**. Present status of the case was not on record.

(B) Out of remaining works stated to be completed, a sample of 16 works valued at ₹ 0.68 crore was physically verified by audit with departmental officials in June 2017. Physical verification revealed that seven works were not executed and one work was left incomplete and abandoned although an advance of ₹ 18.11 lakh had already been paid to two IOs[38] for payment of wages and petty material. Details are in **Appendix- 4.3.3**. However, cement and MS rod issued to the IOs could not be checked as the indent, gate pass and other records were not produced to audit despite repeated persuasion. Further, IOs did not submit any adjustment of ₹ 18.11 lakh paid to them for payment of wages and petty material. The Block Development Officer, Dumburnagar RD Block also did not furnish any Utilisation Certificate to the DM & Collector, Unakoti District.

Hence, advance of ₹ 18.11 lakh paid to the IOs for execution of eight works was suspected to be misappropriated by the two IOs.

State Government stated (November 2017) that FIR had been lodged and disciplinary action had been initiated for the suspected misappropriation.

4.3.7.3 (ii) Doubtful execution of works

Administrative Approval and Expenditure Sanction had been accorded (November 2014) by the DM & Collector, Unakoti District for implementation of BADP scheme "Construction of ring well/deep tube well with motor pump (stand by pump) including laying of pipe water storage tanks and iron removal filtration plant at Border Out Post (BOP), Khasiabasti". ₹ 12.00 lakh was placed with the Block Development Officer (BDO), Chandipur Rural Development (RD) Block for implementation of the project. The work was awarded (April 2015) in favour of a Technical Assistant[39] as Implementing Officer (IO) allowing 25 days time to complete the work.

[37] BADP: ₹ 20.05 lakh; Indian House Hold Latrine (IHHL): ₹ 8.53 lakh; Anganwadi Centre (AWC): ₹ 2.18 lakh

[38] Sri Dilip Kumar Deb Barma, Technical Assistant and Sri Rati Ranjan Deb Barma, Work Assistant

[39] Er. Dipankar Debnath, Technical Assistant

Photograph 4.3.1: Construction of ring well/deep tube well with motor pump (stand by pump) including laying of pipe water storage tanks and iron removal filtration plant at Border Out Post (BOP), Khasiabasti.

Scrutiny of records revealed that BDO, Chandipur RD Block booked (March 2015) cement and MS rod for ₹ 3.46 lakh. The BDO advanced (March 2015) ₹ 3.91 lakh to the IO for payment of labour wages and procurement of petty material. The BDO had also paid ₹ 1.48 lakh (March 2015) to an agency[40] for supply of bricks which was shown to have been received from the supplier at work site. Cement and MS rod was also shown to have been received from the Block store. BDO, Chandipur RD Block submitted (August 2015) Utilisation Certificate (UC) to the DM & Collector, Unakoti District and in turn DM & Collector submitted UC to the State Government in March 2016.

However, during physical verification (May 2017), ring well/deep tube well with motor pump (stand by pump) including laying of pipe water storage tanks and iron removal filtration plant was not found at the work site. Only two holes covered with grass (highlighted in the photograph) were found. Moreover, no material (bricks, cement, MS rod) were found in the work site.

Thus, execution of the work did not take place although the UC was submitted by the BDO, Chandipur RD Block and in turn submitted by the DM & Collector, Unakoti District. Hence ₹ 12.00 lakh should be recovered from the officers concerned who submitted false certificate.

While accepting the audit observation, State Government stated (November 2017) that implementing agencies had been cautioned for submission of UCs without complete and full execution of works. It was also assured that instances of such doubtful execution of work shall not be repeated and necessary action would be initiated against the IO of Chandipur RD Block.

[40] M/s Sagar Engineering Co-operative Society Limited, Durgapur, Kailashahar

4.3.7.3 (iii) Wasteful expenditure

A. Wasteful expenditure of ₹ 29.90 lakh on construction of overhead tanks, market stalls and toilet blocks

During test check of records in two implementing agencies[41], it was noticed that six works, as detailed below, were taken up during 2012-15 at an estimated cost of ₹ 30.28 lakh. However, the works were left incomplete and abandoned after incurring an expenditure of ₹ 29.90 lakh, which are discussed below:

a. The work "Construction of two overhead tanks in Anandanagar under Dukli RD Block" was shown as commenced on 24 April 2012 and completed on 30 March 2013 at a total expenditure of ₹ 5.23 lakh. However, handing over report was not found on record. During physical verification (February 2017), both the overhead tanks were found incomplete and lying abandoned. No pipe line was found to be connected with the tanks. Reason for the overhead tanks remaining incomplete were neither found on record nor stated to audit.

b. Block Development Officer, Hezamara RD Block took up four works[42] during October 2012 to November 2014 at an estimated cost of ₹ 21.44 lakh of which:

   - Total expenditure was shown as ₹ 21.17 lakh.
   - Two market sheds at Hezamara Bazar were shown as completed.
   - Market Stall at Ramshankar Bazar (five units) and toilet and bathroom with Ordinary Hand Pump (OHP) at Daigyabari BOP were suspended due to termination of the Implementing Officer.

   Date of commencement, completion and suspension of works were not found on record. During physical verification (March 2017), all the four works were found incomplete and lying abandoned.

c. The work "Dining Hall at Abhoynagar HS School under Abhoynagar GP" under Hrishyamukh RD Block was taken up in March 2014. The work was shown as completed (April 2016) at an expenditure of ₹ 3.50 lakh. But the dining hall was not handed over to the user Department. Head Master of Abhoynagar Higher Secondary School stated that due to poor construction of the dining hall they did not take over the hall. During physical verification (March 2017), the dining hall was found abandoned.

   Status of some of the works is shown in the following **Photographs**.

---

[41] BDO, Dukli RD Block and BDO, Hezamara RD Block

[42] Two market sheds at Hezamara bazaar; one market stall (five units) at Ramshankar bazar; toilet and bathroom with OHP at Daigyabari BOP under Hezamara RD Block


Photographs 4.3.2 & 4.3.3: Two overhead tanks constructed in Anandanagar under Dukli RD Block

Photograph 4.3.4: Construction of toilet (three unit), bathroom (one unit) with Ordinary Hand Pump (OHP) at Daigyabari

Photograph 4.3.5: Temporary open market shed at Hezamara for vegetable vendors

Photograph 4.3.6: Dining hall at Abhoynagar Higher Secondary School under Hrishyamukh RD Block

In view of the above, the expenditure of ₹ 29.90 lakh incurred on construction of the works was wasteful.

Further, the projects were not put into operation although UCs were submitted by the three BDOs. Hence, ₹ 29.90 lakh should be recovered from the officers concerned responsible for misutilisation of funds and submission of false certificate.

State Government stated (November 2017) that the works were in progress at the time of audit and had been subsequently completed and were in use.

The reply was not acceptable as all the aforesaid works were found abandoned during physical verification alongwith departmental representatives. Further, completion certificates along with photographs, handing over reports and beneficiary lists were not submitted for verification as evidences that the assets had been subsequently completed and put to use.

B. Wasteful expenditure of ₹ 29.00 lakh on green top finish of Ram Krishna Mahavidyalaya playground and landscape/beautification work of Heritage Park in Unakoti District

Rule 149 to 152 of the General Financial Rules (GFR), 2005 stipulates that the Departments shall procure goods by following the standard method of obtaining bids through tender.

Administrative Approval and Expenditure Sanction for implementation of BADP scheme "Heritage park near Gournagar circuit house" was accorded (October 2013) by the DM & Collector, Unakoti District and ₹ 40.00 lakh placed (March 2014) with the Deputy Director of Horticulture (DDH), Kumarghat for execution of the project. DM & Collector, Unakoti District subsequently directed (31 March 2014) DDH, Kumarghat to execute the works of grass plantation (1,28,000 cubic ft.) for green top finish of Ram Krishna Mahavidyalaya playground and landscape/ beautification work of heritage park instead of earlier sanctioned work.

During scrutiny of records it was noticed that DDH, Kumarghat neither prepared any project report nor had any master plan for landscape/ beautification work of heritage park and Ram Krishna Mahavidyalaya playground. Assessment of feasibility in the highly elevated uneven land of the proposed landscape/beautification work of heritage park was not analysed before taking up the project. Further, in violation of Rules 149 to 152 of GFR 2005, without inviting any tenders, DDH, Kumarghat awarded (March 2014) the work to a West Bengal based agency[43] on the basis of the proposal submitted (26 March 2014) by the agency at an estimated cost of ₹ 40.00 lakh.

It was also noticed that only after two months of the commencement of the work (May 2014) about 80 *per cent* of the carpet grass sheets laid in the Ram Krishna Mahavidyalaya playground had completely become damaged. The damage was due to improper grading of the field which caused water logging, unwanted weeds, improper packing of carpet grass at the time of transportation and not using skilled workers. Further, it was noted by the DM & Collector that excavation of earth might cause soil erosion, damage scenic beauty of the circuit house and collapse of civil amenities into the ground. The work was stopped in June 2014 and the heritage park was left abandoned. The agency was paid ₹ 29.00 lakh[44].

Hence, execution of works without feasibility study and non-observance of procedure laid down in GFRs regarding inviting of tenders led to allotment of the work to an agency that could not even properly lay carpet grass on the field which resulted in wasteful expenditure of ₹ 29.00 lakh.

[43] M/s Square Meter, West Bengal

[44] ₹ 21.00 lakh paid (30 April 2014) for planting of grasses for green top finishing of Ram Krishna Mahavidyalaya ground and ₹ 8.00 lakh paid (21 May 2014) for the project of landscaping of heritage park behind circuit house

C. Wasteful expenditure of ₹ 5.12 lakh on construction of two additional class rooms at Jumercheg J. B. School at Irani Gram Panchayat under Gournagar RD Block.

District Magistrate & Collector, Unakoti District sanctioned (June 2012) ₹ 5.16 lakh for construction of two additional class rooms at Jumercheg Junior Basic (JB) School at Irani Gram Panchayat (GP) under Gournagar Rural Development (RD) Block.

The work commenced on 15 January 2013 and was shown as completed on 20 February 2014 at a cost of ₹ 5.12 lakh.

However, physical verification (May 2017) revealed that the work was left abandoned after completion of brick works only.

It was further noticed in audit that BDO, Gournagar had submitted (November 2013) UC[45] to the DM & Collector, Unakoti District who in turn had submitted (April 2014) the UC[46] to the State Government.

Showing the work as completed amounted to fraud and misappropriation of amount of ₹ 5.12 lakh and the intended benefits had not been extended to the targeted beneficiaries.

DM & Collector, Unakoti District stated (August 2017) that the IO had been transferred from Gournagar.

Photograph 4.3.7: Two additional class rooms at Jumercheg Junior Basic (JB) School at Irani Gram Panchayat (GP) under Gournagar Rural Development (RD) Block

The reply was not tenable as appropriate action had not been taken. FIR should be lodged at the earliest and ₹ 5.12 lakh should be recovered from the officers responsible for misutilisation of funds and submission of false certificate.

4.3.7.3 (iv) Idle Expenditure

Scrutiny of records in the three districts covered in this PA and physical verification (February-June 2017) by audit revealed the following:

a. During 2012-17, 34 markets having 259 stalls were constructed.

- 21 markets (166 stalls) were allotted and one market (five stalls) was left abandoned.
- 12 markets having 88 stalls constructed at a cost of ₹ 1.40 crore were not

[45] BDO, Gournagar RD block had submitted (November 2013) UC to the DM & Collector, Unakoti District for ₹ 59.13 lakh received in 2012-13 for execution of BADP works which included the stated work.

[46] DM & Collector, Unakoti District had submitted (April 2013) UC to the Revenue Department for ₹ 1.48 core received in 2012-13 for execution of BADP works which included the stated work.

allotted to the beneficiaries till date of audit (June 2017). In case of four markets[47], reasons for non-allotment of the market stalls to the beneficiaries were attributed to failure to prepare lease or agreement of rent by the GPs/Village Committees. In other cases, reason for non-allotment was not found on record.

b. One Mini Deep Tube Well (MDTW) near the paddy land of Jaya Dasgupta at Charipara GP under Dukli RD Block; one MDTW in the Latiapura BOP at Latiapura GP, one MDTW in the Magruli BOP at Magruli GP and one overhead tank along with pipe line at Golakpur GP under Gournagar RD Block were constructed (July 2013 to September 2015) at a cost of ₹ 18.06 lakh for agricultural and drinking water purpose.

During physical verification (February-May 2017) it was noticed as follows:

- MDTW at Charipara GP was completed with pipe lines, pump house and two hydrants but power connection was not given to the MDTW.
- In the Latiapura BOP at Latiapura GP and in the Magruli BOP at Magruli GP under Gournagar RD Block, boring of MDTW were completed but extension of pipe line, installation of panel board and power connection was not found.
- Overhead tank at Golakpur was also not functioning due to non-availability of power connection.

It was further noticed in audit that in the estimate prepared for sinking of MDTW for irrigation purpose at Charipara GP, the estimate was technically sanctioned (December 2014) without any provision for power connection to the MDTW. In other three cases reason for not providing power connection was neither found on record nor stated to audit.

Thus, three MDTWs and one overhead tank were lying idle for 18 to 26 months due to failure to provide power connection and had resulted in idle expenditure of ₹ 18.06 lakh.

c. At Rupaichari under Rupaichari RD Block of South Tripura District, an old age home was constructed in June 2016 at a cost of ₹ 29.87 lakh which could not be made functional till April 2017 as there was no power connection, furniture and utensils in the building.

d. Based on the Administrative Approval & Expenditure Sanction accorded (June 2012) by the DM & Collector, Unakoti District, the Executive Engineer (EE), Rural Development (RD) Kumarghat Division had constructed a Palliative Care Home for terminally ill cancer patients at Rajiv Gandhi Memorial (RGM) Hospital, Kailashahar in November 2015 at a cost of ₹ 23.38 lakh and approached (June 2017) the Chief Medical Officer (CMO), Unakoti District,

[47] Markets adjacent to Radhanagar HS School under South Radhanagar GP, South Radhanagar Bazar under Dakshin Radhanagar GP, Rangamura Old Market under Rangamura GP and Bairabnagar Para under North Srirampur GP.

Kailashahar for taking over the building. But, the CMO did not take over the building from the EE, RD Kumarghat Division (April 2018).

The CMO, Unakoti District informed (May 2018) that the palliative care centre had been constructed within the premises of old District Hospital (i.e. RGM hospital, Kailashahar) and subsequently, the District Hospital was permanently shifted from its original location at Kailashahar to Bhagabannagar, six kilometre away from Kailashahar. The CMO further added that the palliative care centre should be situated within the District Hospital complex so that service of specialists could be utilised.

Audit noted that Government had decided (October 2006) to construct new District Hospital at Bhagabannagar and entered into an agreement with M/s Hindustan Steel Construction Limited (HSCL) in December 2007 for construction of the building. The building was inaugurated in September 2012.

Thus, at the time (June 2012) when Administrative Approval & Expenditure sanction was accorded for construction of the Palliative Care Home at RGM Hospital, Kailashahar, it was already well known that the hospital would be shifting from Kailashahar to its new location at Bhagabannagar (since the new facility was inaugurated just four months down the line in September 2012). Failure to take cognizance of this fact resulted in the Palliative Care Home being constructed at Kailashahar instead of at Bhagabannagar. This led to the facility not being taken over by the CMO as it was six kilometres away from the new location of the hospital thereby rendering the expenditure of ₹ 23.38 lakh incurred on the Palliative Care Home idle.

e. One Primary Maktab[48] near the house of Kamal Khan at Kalerkandi and one community hall at Sonarpur under Gournagar RD Block were constructed at a cost of ₹ 18.72 lakh in September 2014 and November 2014 respectively. During physical verification (May 2017) by audit, it was seen that both the primary maktab and community hall had been left abandoned. Reason for abandoning was neither found on record nor stated to audit.

As brought out in the above instances, improper planning and failure to conduct baseline surveys had resulted in random identification and execution of 19 projects (**Appendix-4.3.4**) without the active involvement of stakeholders. The intended purposes for which the buildings were constructed was not achieved and the whole expenditure of ₹ 2.30 crore had become unfruitful.

State Government stated (November 2017) that Revenue Department shall be issuing instructions in this regard for strict compliance by the implementing agencies.

[48] Maktab is an Arabic word meaning elementary schools

4.3.7.3 (v) Unfruitful expenditure on installation of Iron Removal Plant at BOP Halambari and Nishan Chandra (NC) Para under Chandipur RD Block

DM & Collector, Unakoti District sanctioned (November 2014) and placed ₹ 14.20 lakh with the Block Development Officer, Chandipur RD Block for implementation of the scheme "Providing and installation of iron removal filtration plant including installation of motor and pumps at BOP Halambari and NC Para". Both the works were awarded (NC Para -January 2015 and Halambari-March 2015) in favour of a Technical Assistant[49] as Implementing Officer (IO) at an estimated cost of ₹ 17.51 lakh[50]. IO was to complete both the works within 25 days from the date of issue of work orders.

Scrutiny of records revealed that in March 2015, Chandipur RD Block procured cement and Mild Steel rod from Rural Development Store Division for ₹ 7.04 lakh, procured bricks for ₹ 2.18 lakh from an agency[51] and paid ₹ 8.96 lakh to the IO for payment of labour wages & procurement of petty material. The IO had shown receipt of bricks from the supplier at work site and cement & MS rod from the Block store. BDO, Chandipur RD Block submitted (August 2015) Utilisation Certificate (UC) to the DM & Collector, Unakoti District, who in turn submitted the UC for ₹ 14.20 lakh to the State Government in March 2016.

However, during physical verification (May 2017) by audit, it was seen that only the ring well and intermediate tank had been completed. There was no Iron Removal Plant, motor pump and extension of pipe line. The work had been abandoned. Status of the works is shown in the **Photographs 4.3.8, 4.3.9** and **4.3.10**:

Photographs 4.3.8 & 4.3.9: Ring well and intermediate tank at Halambari

Photograph 4.3.10: Ring well and intermediate tank at N C Para

The UC was furnished for the entire work when in fact the work was executed only partially. The remaining work was not executed and payment made seems to have been misappropriated. Submission of UC by the BDO, Chandipur RD Block should be treated as a fraudulent act and money should be recovered from BDO, Chandipur RD Block.

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[49] Er. Dipankar Debnath, Technical Assistant

[50] N C para-₹ 8.38 lakh and Halambari-₹ 9.13 lakh

[51] M/s Sagar Engineering Co-operative Society Limited, Durgapur, Kailasahar

State Government stated (November 2017) that instructions shall be issued by the Revenue Department to all District Collectors to ensure that completed works were promptly handed over to the user agencies. Regarding the improper execution of works under Chandipur RD Block and possible misappropriation, an enquiry report shall be obtained from the DM & Collector and on the basis of the report, action shall be taken against the defaulting IOs. The Department may file an FIR at the earliest.

4.3.7.3 (vi) Works executed for the benefit of Individuals

Annexure II of BADP Guidelines (Feb 2014) stipulates that creation of tangible assets should be given priority under the BADP, with the condition that any scheme for individual benefit is not permissible.

A. Scrutiny of records of South Tripura and Unakoti District (April-June 2017) revealed that six works, sanctioned during 2012-16 for ₹ 85.48 lakh were irregularly executed for the benefit of specific individuals in violation of BADP Guidelines, as detailed in **Table 4.3.4.**

Table 4.3.4: Works executed for the benefit of individuals

(*₹in lakh*)

District	Name of work	Year of approval	Estimated Cost	Expenditure incurred till date of audit	Remarks
Unakoti	Community hall near the house of Shova Singh at BC Nagar GP under Gour Nagar Block	October 2013	2.75	2.75	Joint physical verification (20 May 2017) revealed that the work was executed in the premises of the house of Sri Shova Singh at BC Nagar GP
	School building at Sishu Bikash Tirtha at Dalugaon at B C Nagar GP under Gour Nagar Block	August 2013	15.00	14.80	Both the works were executed in the premises of private schools for its individual benefit.
	School building for English Medium Primary school namely New Line Academy at Milong ADC village under Chandipur Block	November 2015	14.50	14.00	
	Community latrine with water storage tank and sanitation at West Kanchanbari GP under Kumarghat RD Block	October 2016	6.16	2.78	Joint physical verification (30 May 2017) revealed that the work was constructed in the premises of the house of Sri Krishna Kishore Sharma at West Kanchanbari GP
	Community Hall at Nidevi under Kumarghat R D Block	January 2016	17.07	14.06	Joint physical verification (25 May 2017) revealed that the work was constructed in the residence of Sri Laru Kumar Sharma.

District	Name of work	Year of approval	Estimated Cost	Expenditure incurred till date of audit	Remarks
South Tripura	English medium nursery school at Nalua under Hrishymukh Block	June 2012	30.00	29.31	The project was handed over to a private organisation for its individual benefit.
Total			**85.48**	**77.70**	

Hence, expenditure incurred should be recovered from the beneficiaries and action should be taken against responsible officials.

B. Further, construction of one vocational training centre at Uttar Manu Bankul under Rupaichari RD Block in South Tripura District was sanctioned in March 2015. The work was completed by the Executive Engineer, RD Satchand Division in January 2016 at an expenditure of ₹ 20.42 lakh. However, physical verification (26 April 2017) by audit revealed that the building was being utilised by a non-government organisation[52] (a religious body) for religious purposes only.

State Government stated (November 2017) that an enquiry report shall be obtained from the DM & Collectors and action shall be taken against the IOs accordingly.

4.3.7.3 (vii) Non permissible Works

Sl No. 4 (v) under Annexure-II of BADP Guidelines prohibits undertaking works like construction of building for offices and residence for officials (except for officials engaged in education and health sectors). Guidelines revised in February 2014 and June 2015 specified that construction of barracks, machan, watch tower and other infrastructure inside the Border Out Posts (BOP) were not permissible under BADP.

It was however, observed in audit that 43 non-permissible works were executed from BADP funds in the three districts covered in this PA at a cost of ₹ 2.02 crore as summarised in **Table 4.3.5**.

Table 4.3.5: Non-permissible works

(₹in lakh)

Sl No	Nature of work	No of work	Expenditure incurred
01	Fishery Assistant office, Panchayat office, ADC Village office	04	29.46
02	Barrack cum open shed, In charge room, cook house, rain water shelter, etc, at BOP	10	48.69
03	Boundary wall, barbed wire fencing and brick soling at BOP	07	28.79
04	Toilet block at BOP	08	19.94
05	Drinking water at BOP	14	74.74
Total		**43**	**201.62**

Details are shown in **Appendix-4.3.5**.

State Government accepted (November 2017) the audit observation.

[52] Ramkrishna Seva Samity, Manu Bankul

4.3.7.3 (viii) Blockage of Funds and delay in completion of works

Rule 129 of the General Financial Rules, 2005, stipulates that no work shall be commenced or liability incurred in connection with it until:

a. sanction to incur expenditure has been obtained from the competent authority;

b. a properly detailed design has been sanctioned;

c. funds to cover the charge during the year have been provided by competent authority; and,

d. a work order is issued.

Para 4.2 of BADP guideline (Feb 2014) also stipulates that the process of completion of formalities, if any, such as forest, environment and other local clearances, availability of land, etc. should be planned in advance, while recommending various projects under the BADP.

DM & Collectors of the three districts covered under this PA sanctioned (September 2013 - November 2014) ₹ 1.30 crore against the estimated cost of ₹ 2.81 crore for construction of two community halls, one auditorium and one school building. Test check of records revealed that all four works were suspended after incurring expenditure of ₹ 1.29 crore due to shortage of funds. Details are shown in **Appendix- 4.3.6**.

Further, as discussed in **Para 4.3.7.1** under Planning Section, in the three districts covered in this PA, 39 works had not started till date of audit (April-June 2017), with delays ranging from 13 to 29 months although an expenditure of ₹ 0.87 crore was incurred for booking of cement and MS rod.

Thus, in contravention of the aforesaid rules, works were commenced without obtaining sanction to incur expenditure, without receipt of funds to cover the charge during the year from the competent authorities and without ensuring availability of land. This led to blockage of fund amounting to ₹ 2.16 crore.

Further, as per terms and conditions laid down in the work orders, Implementing Officers were allowed 15 days to 180 days to complete the works in the three districts covered in this PA. However, test check of records revealed that in South Tripura and Unakoti District, 51 works were executed during 2012-17 by the Implementing agencies without obtaining sanction to incur expenditure or receiving funds to cover the charge during the year from the competent authority and also without ensuring availability of land, etc. This led to delay in completion of works for periods from four months to 52 months.

State Government stated (November 2017) that suitable action shall be taken so that such incidents do not recur.

4.3.7.3 (ix) Quality of assets created under BADP

According to instructions issued by the Rural Development Department (May 2006), Implementing Officers (IOs) are required to maintain Measurement Books (MB), material at site account, material consumption statement and Muster Rolls (MRs). IOs are also required to submit completion report and three stage photographs of the works. Further, according to Para 9.2 of the BADP Guidelines (February 2009), Para 9.3 of the BADP Guidelines (February 2014) and Para 10.5 of the BADP Guidelines (June 2015), a display board may be kept at project sites indicating that the work is being done/ had been completed under the BADP of Government of India.

In the 12 sampled blocks covered in this PA, out of 759 works taken up during April 2012 to January 2017, 383 works were completed. Out of this, details of execution of works in case of 304 works (79 *per cent*) were not recorded in the MBs. Only receipt of material was recorded in the MBs without mentioning details (i.e, stack measurement in respect of bricks, etc). IOs also did not maintain material at site account and material consumption statement. Further, in none of the cases were three stage photographs made available to audit. Moreover, during physical verification of 419 works, sign boards were not found placed in 310 works (74 *per cent*).

As a result, quality of infrastructure created remained unverified with reference to technical estimates and designs as the measurement of the executed works were not recorded in the MBs.

State Government assured (November 2017) verification of the entire infrastructure created with reference to the technical estimates and designs. It further assured recording of execution of works in MBs.

4.3.7.3 (x) Management of Assets

Para 4.2 of BADP Guidelines (Feb 2014) provides that State Government can utilise funds up to 15 *per cent* of the allocation made to the State for maintenance of assets created three years earlier under BADP.

During scrutiny of records, it was seen that three districts covered in this PA were allocated ₹ 107.31 crore under BADP during 2012-17. Out of the allocated funds, 15 *per cent* funds amounting to ₹ 16.10 crore could have been utilised for maintenance of assets in the districts.

However, the districts could not spend any amount on maintenance during 2012-17 on the assets created under BADP since 1993-94 although during physical verification, instances of dilapidated condition of assets were noticed. For instance, status of community hall constructed at Chowkidar para in Sarma ADC village under Dumburnagar RD block is shown in **Photograph 4.3.11**:

Photograph 4.3.11: Dilapidated condition of the community hall with broken doors, windows and ceiling

State Government assured (November 2017) due compliance.

4.3.8 Monitoring

Para 9 of BADP Guidelines (Feb 2014) provides that the State Government should develop an institutional mechanism for inspection of the BADP works in each border block by assigning a block wise high ranking Nodal Officer, who would make regular visits to the blocks and submit quarterly reports indicating the number of inspections conducted and highlighting the important achievements/lacunae which in turn would be submitted to GoI.

A system of Third Party Inspection (TPI) for independent feedback on the quality of work was also to be established. The guidelines further provided that the State Government would also develop an inventory of assets created under BADP. District Level Committee should take responsibility of monitoring of implementation of works under BADP as well as quality of works and submit a report on quarterly basis to State Government for onward transmission to Ministry of Home Affairs alongwith the photos of the works/ schemes.

Scrutiny of the records revealed that:

a. The nodal officers for inspection of works in the border blocks were not appointed and the quarterly reports highlighting the important achievements/lacunae were not sent to GoI during 2012-17.

b. In the three districts covered in this PA, District Level Committees did not monitor implementation of works under BADP as well as quality of works. Reports on quarterly basis were not submitted to State Government for onward transmission to Ministry of Home Affairs along with the photos of the works/schemes.

c. West Tripura did not assign any organisation for TPI of works executed under BADP during 2012-17, while in Unakoti District and South Tripura District, TPI was carried out upto 2013-14.

d. Inventory of assets created under BADP in border areas was not maintained in any of the three districts covered in this PA. Further, out of 16 test checked Implementing Agencies (IAs), nine IAs[53] did not maintain any asset register.

State Government stated (November 2017) that Block wise Nodal Officers for overseeing and monitoring of the BADP works had been appointed under West Tripura District. In other districts, necessary instructions would be issued for appointing Block wise Nodal Officer.

4.3.9 Conclusion

A participatory approach to planning, as was envisaged by the Scheme, was not followed. Baseline surveys were not conducted with the result that Annual Action Plans were prepared without the necessary inputs from the ground level in a systematic manner. Further, villages were selected arbitrarily without observing the Scheme Guideline that all the villages located within 0-10 km of the international border should be covered first. Thus, gaps in basic physical and social infrastructure in remote and inaccessible areas situated near the international border were not identified as was envisaged.

Consequently, the process of planning and implementation of the Scheme was characterised by random selection of projects and piece meal efforts to bridge the gaps. For instance, in violation of BADP Guidelines, no provision was made in the AAPs for convergence of schemes. Further, implementing agencies could not start 39 works in three selected districts till date of audit (April-June 2017) due to shortage of funds, non-finalisation of sites and delays in sanction of estimates. There was short release of ₹ 10.27 crore in 2014-15 by the GoI due to non-submission of UCs in the previous years. Therefore, the planning process was neither adequate nor was it carried out as per the Guidelines, with the result that effectiveness of the Scheme had been compromised.

Institutional system for monitoring was weak. System of inspection of the BADP works in each border block by assigning a block-wise high ranking Nodal Officer was not set up. Third party inspection for feedback on the quality of work was not done in West Tripura during 2012-17 and in Unakoti District and South Tripura District during 2014-17. Further, quality of 79 *per cent* of the works remained unverified with reference to technical estimates and designs. Measurement was not recorded in the MBs. Consequently, there were cases of suspected misappropriation and doubtful execution. Besides, assets were not maintained despite provision in the guidelines for

[53] BDO, Dukli RD Block; BDO, Hezamara RD Block; Kumarghat RD Block; Dumburnagar RD Block; Executive Engineer, RD Agartala Division; Executive Engineer, RD Satchand Division; Executive Engineer, RD Santirbazar Division and Executive Engineer, RD Kumarghat Division

availing 15 *per cent* of the allocation for maintenance of assets even though many assets were in dilapidated condition.

There were shortcomings in execution of projects. There was diversion of ₹ 3.00 crore towards 43 ineligible works/schemes and seven works were executed for the benefit of specific individuals. Further, 19 works of construction of markets, sinking of Mini Deep Tube Wells (MDTWs), overhead tank, old age home, community halls, primary maktab and home for palliative care for terminally ill cancer patient constructed during 2012-17 at a cost of ₹ 2.30 crore had not been handed over to the user departments. Therefore, inadequate and improper planning, lack of systematic implementation and weak monitoring mechanisms had resulted in inefficient and ineffective implementation of the Scheme and failure to meet the objectives of the Scheme.

4.3.10 Recommendations

a. State Government should carry out base-line surveys to assess the critical gaps in basic economic and social infrastructure. Local PRIs should be involved for identification of works;

b. State Government should make necessary arrangements for effective monitoring of the works. Nodal person should be appointed and DMs should ensure that regular reports are received from nodal persons;

c. Assets should be maintained by availing up to 15 *per cent* of the allocation, as specified in the guidelines. Asset registers should be maintained.

FINANCE DEPARTMENT

4.4 Loss of revenue

Failure to raise demand by the Assessing Authority for tax payable by the dealer under TVAT Act, 2004 resulted in loss of revenue for ₹ 14.15 lakh.

Section 8 of the Central Sales Tax (CST) Act, 1956 provides that every registered dealer in the course of inter-State trade or commerce, shall be liable to pay tax under this Act, which shall be 2 *per cent* of turnover or at the rate applicable on the sale or purchase of such goods inside the appropriate State under the sales tax law of that State, whichever is lower. Further, the tax payable by any dealer on his turnover, in so far as the turnover or any part thereof relates to the sale of goods in the course of inter-State trade or commerce, shall be at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of the State.

Further, Section 10(d) of CST Act, 1956 provides that, if a person after purchasing any goods for any of the purposes in clause (b) or (c) or (d) of sub-section (3) of Section 8 fails, without reasonable excuse, to make use of the goods for any purpose shall be punishable with simple imprisonment which may extend to six months, or with fine or with both.

Section 10A of CST Act, 1956 provides that any person purchasing goods is found guilty of an offence under clause (d) of the Section, the authority who granted to him or, as the case may be, is competent to grant to him a certificate of registration under this Act may, after giving him a reasonable opportunity of being heard, by order in writing, impose upon him by way of penalty a sum not exceeding one-and-a-half times the tax which would have been levied.

Test check (October 2016) of records of the Superintendent of Taxes, Charge-V, Agartala, revealed that a dealer[54] procured 13.5 *per cent* taxable goods[55] from outside Tripura by using Form 'C' (14 Nos.) during 2012-13. Thus, the dealer would have used the benefit of concessional rate of CST on purchase of those taxable goods for resale purpose only. But he utilised those goods for some other purpose[56], *i.e.* other than those specified in the registration certificate and in this way he misused the Form 'C' intentionally.

The Assessing Authority (AA), while assessing the case (October 2015) for the year 2012-13, computed tax of ₹ 14.15 lakh (at the rate of 13.50 *per cent* on invoice value of taxable goods of ₹ 1.05 crore) and penalty of ₹ 1.41 lakh (at the rate of 10 *per cent* of the tax payable). However, the AA issued (15 December 2015) demand notice to the dealer for realisation of only the penalty, which remained unrealised till date of audit (November 2016).

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[54] M/s Rupasi Cinema, Agartala, registered under CST Act, 1956 as well as TVAT Act, 2004 (both issued on 17 January 2008)

[55] Imported Chair, C. Accessories, Glass fittings, Tiles, Construction materials, Rolling shutter, Carpet, PVC profile, S.S. Pipe, Stabilizer, Electrical goods, Sound Transmitter, etc.

[56] Own construction purpose

Thus, the AA imposed only the penalty under Section 10A of the CST Act, 1956 without raising demand for the tax payable by the dealer under TVAT Act, 2004, which resulted in loss of revenue of ₹ 14.15 lakh.

The Commissioner of Taxes stated (September 2017) that the dealer did not sell any goods imported by him under the strength of Form 'C' but he had used the said imported goods to build his multiplex building. Hence, except for imposition of penalty under the provision of clause (d) of Section 10 of the CST Act, 1956 there is no provision under the TVAT Act, 2004 available to collect tax from the instant dealer. The reply was not acceptable since the dealer had evaded the liability to pay tax and therefore, as per provision contained in Section 75A[57] of the TVAT Act, 2004, the dealer should pay the tax as well as penalty. Further, Section 8 of CST Act, 1956 provides that goods can be imported under Form 'C' at lower rates of tax only for re-sale or manufacture or processing for sale by a dealer which in the instant case has not been done by the dealer and therefore, the dealer was liable to pay tax on the goods which has not been levied by the Assessing Authority.

The matter was reported to the Government (June 2017); reply was awaited (February 2018).

4.5 Short realisation of revenue

The Assessing Authority failed to adhere to the order of the Revisional Authority while passing re-assessment order of a dealer, which resulted in short realisation of revenue of ₹ 21.32 lakh.

Section 25(1)(C) of the TVAT Act, 2004 provides that if a dealer required to file return, fails to furnish return, such dealer shall be liable to pay interest in respect of the tax payable by him at the rate of one and half *per cent* per month from the date the tax payable had become due to the date of its payment.

Further, Section 25(3) read with Section 75A of the TVAT Act, 2004 provides that if a registered dealer, without sufficient cause, fails to pay the amount of tax due and interest along with return or revised return, the Commissioner may after giving the dealer reasonable opportunity of being heard, direct him to pay in addition to the tax and interest payable by him a penalty not exceeding one and half times of the tax due but which shall not be less than 10 *per cent* of that amount.

[57] Section 75A of TVAT Act, 2004: Notwithstanding anything contained elsewhere in the Act, if the Commissioner, in course of any proceeding under this Act is satisfied that any dealer has evaded in any way the liability to pay tax, 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 & half time of that amount but which shall not be less than ten *per cent* of that amount

Test check (January 2017) of records of the Superintendent of Taxes, Charge-VII, Agartala revealed that a dealer[58], who is an importer of stone chips[59] from Bangladesh for sale in Tripura, was assessed (30 August 2012) by the Assessing Authority (AA) for the years 2009-10, 2010-11 and 2011-12. Demand was raised for ₹ 43.95 lakh[60] including penalty (at the rate of 150 *per cent*) and interest (at the rate of 1.5 *per cent*). The dealer being aggrieved by the demand of the AA, presented petition to the Revisional Authority[61] (RA) claiming that the AA had illegally determined the turnover on *ex-parte* basis and imposed penalty to the highest extent violating the principles of natural justice.

The RA passed an order (11 January 2016) stating that (i) the petitioner (dealer) imported stone chips from Bangladesh without obtaining any statutory permit. Therefore, all of his imports were liable to be treated as unauthorised and undeclared; (ii) the petitioner had not submitted yearly statement showing the details of closing stock at the end of the year; (iii) imposition of penalty at the rate of 150 *per cent* as imposed by the AA was justified; and (iv) as the assessment order was passed on *ex-parte* basis, a fresh assessment be made and completed by 29th February 2016.

Scrutiny of re-assessment order (29th February 2016) revealed that the AA had not adhered to the order passed by the RA and imposed penalty at the rate of 10 *per cent* only instead of 150 *per cent*. Besides, interest at the rate of 1.5 *per cent* per month on the balance tax was also not levied as provided under Section 25(1) of TVAT Act, 2004. This resulted in short levy of penalty of ₹ 18.09 lakh and interest of ₹ 3.23 lakh as shown in **Appendix – 4.5.1**.

Thus, failure by the Assessing Authority to adhere to the order of the Revisional Authority while passing re-assessment order of the dealer resulted in short realisation of revenue of ₹ 21.32 lakh.

The Commissioner of Taxes and Excise stated (September 2017) that the matter was taken up for review. Further development in this regard was awaited.

The matter was reported to the Government (June 2017); reply had not been received (February 2018).

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58 M/s Abhijit Das, Agartala, registered under the TVAT Act, 2004 and CST Act, 1956 with effect from 14 October 2009

59 Taxable at the rate of 12.5 *per cent* upto 3rd May 2011 and at the rate of 13.5 *per cent* thereafter

60 ₹ 16,66,940 (2009-10), ₹ 14,24,890 (2010-11) and ₹ 13,02,996 (2011-12)

61 The Commissioner of Taxes, Tripura

4.6 Short levy of tax

Concealment of turnover by the dealers resulted in short levy of tax of ₹ 49.33 lakh, non-levy of interest of ₹ 17.65 lakh and penalty of ₹ 0.68 lakh.

Section 31 of Tripura Value Added Tax (TVAT) Act, 2004 and Rules framed thereunder provide that where the Commissioner is not satisfied with the correctness of any return filed under Section 24 or the 'bona fides' of any claim of exemption, deduction, concession, input tax credit or genuineness of any declaration, or evidence furnished by a registered dealer in support thereof, the Commissioner may serve on such dealer a notice to produce the books of account and all evidence on which the dealer relies in support of his returns including tax invoice. The Commissioner, after giving reasonable opportunity of being heard, shall assess to the best of his judgment the amount of tax due from such dealer.

Section 25 (1) (C) of the TVAT Act, 2004 also provided that if a dealer required to file return, fails to furnish return, such dealer shall also be liable to pay interest in respect of the tax payable by him according to the return at the rate of one and half *per cent* per month from the date the tax payable had become due to the date of its payment.

Further, Section 25 (3) and 75 (A) of the TVAT Act, 2004 provided that if a registered dealer, without sufficient cause, fails to pay the amount of tax due and interest along with return or revised return, the Commissioner may after giving the dealer reasonable opportunity of being heard, direct him to pay in addition to the tax and interest payable by him a penalty not exceeding one and half times of the tax due but which shall not be less than 10 *per cent* of that amount.

Test check (between January 2015 and November 2016) of records of four Superintendents of Taxes[62] revealed that in six assessment cases pertaining to five dealers for the period from 2010-11 to 2014-15 finalised during the financial years 2015-16 and 2016-17, there was concealment of turnover by the dealers which escaped the notice of the Assessing Authorities. This resulted in short levy of tax of ₹ 49.33 lakh (VAT) (**Appendix-4.6.1**), leviable interest of ₹ 17.65 lakh (**Appendix-4.6.2**) and penalty of ₹ 0.68 lakh (**Appendix-4.6.1**).

The Commissioner of Taxes and Excise stated (September 2017) that in case of four dealers[63] the matter was taken up for review and in case of one dealer[64], ₹ 0.81 lakh had been recovered.

The matter was reported to the Government (June 2017); further information on recoveries was awaited (February 2018).

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[62] (1) Superintendent of Taxes, Charge-III, Agartala, (2) Superintendent of Taxes, Charge-V, Agartala, (3) Superintendent of Taxes, Charge-VII, Agartala, (4) Superintendent of Taxes, Bishalgarh.

[63] M/s Raj Mahal, M/s Eastern Commerce, M/s B. Choudhury & Co. and M/s Bharat Petroleum Corporation Limited

[64] M/s Abul Hashem

CHAPTER V:
FOLLOW UP OF AUDIT OBSERVATIONS

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FOLLOW UP OF AUDIT OBSERVATIONS

5.1 Follow-up Action on earlier Audit Reports

5.1.1 Explanatory notes not submitted

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

(a) Public Accounts Committee

As of September 2017, 17 departments did not submit explanatory notes on 52 paragraphs and 20 performance audits included in the Audit Reports from the years 2001-02 to 2015-16. The position of *suo motu* replies on paragraphs/performance audits awaiting discussion by Public Accounts Committee (PAC) during the last five years is shown in **Chart 5.1.1.**

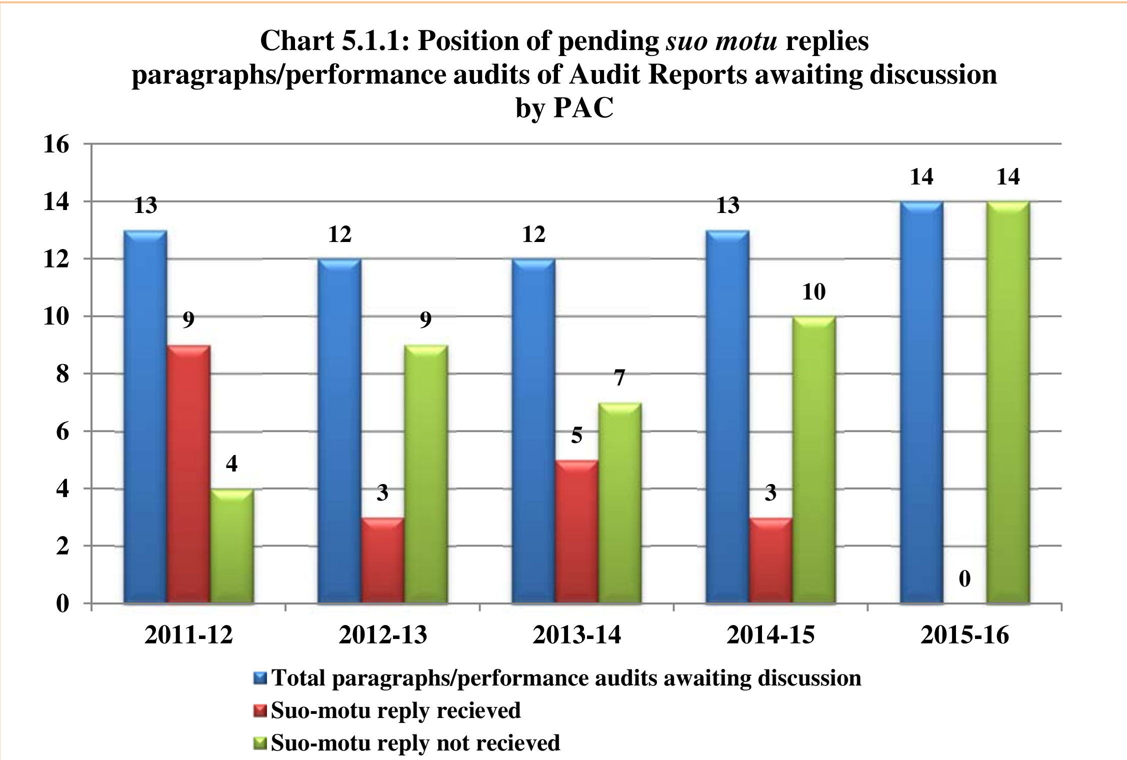


Chart 5.1.1 represents the position of *suo motu* replies received/not received pertaining to paragraphs/performance audits of Audit Reports pending discussion by PAC for the period from 2011-12 to 2015-16. The departments largely responsible for not submitting explanatory notes were Public Works (Roads & Buildings) Department

(9), Rural Development Department (3), Revenue Department (2), Transport Department (2), Public Works (Water Resource) Department (4), Education (School) Department (1) and Agriculture Department (3) amongst others.

(b) Committee on Public Undertakings

As of September 2017, three departments did not submit explanatory notes on five paragraphs (Power Department: 4 and Information, Cultural Affairs & Tourism Department: 1) and two Performance Audits (Industries & Commerce Department) included in the Audit Reports for the years 2010-11 to 2015-16.

5.1.2 Response of the departments to the recommendations of the Public Accounts Committee/Committee on Public Undertakings

Finance Department, Government of Tripura issued (July 1993) instructions to all departments to submit Action Taken Notes (ATNs) on various suggestions, observations and recommendations made by PAC/Committee on Public Undertakings (COPU) within six months of presentation of the PAC/COPU reports to the Legislature. The PAC/COPU 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 ATNs.

(a) Public Accounts Committee

As of September 2017, ATNs on 72 recommendations of the PAC made between 2010-11 and 2015-16 were awaited from the concerned administrative departments of which 15 pertained to Finance (Excise & Taxation) Department, nine each to Urban Development Department and Public Works (Roads & Building) Department, six each to Education (Higher) Department, Industries & Commerce Department, five to Health & Family Welfare Department, four to Fisheries Department and 18 ATNs to other departments.

(b) Committee on Public Undertakings

As of September 2017, ATNs on 28 recommendations of the COPU made between 2011-12 and 2015-16 were awaited from the administrative departments concerned, of which 13 pertained to Power Department (Tripura State Electricity Corporation Limited); 10 to Industries and Commerce Department (Tripura Jute Mills Limited: 6, Tripura Small Industries Corporation Limited: 4); 3 to Forest Department (Tripura Forest Development & Plantation Corporation Limited); and 01 each to Transport Department (Tripura Road Transport Corporation) and Tribal Welfare (Tribal Rehabilitation in Plantation & Particularly Vulnerable Tribal Group) Department.

5.2 FOLLOW-UP OF PERFORMANCE AUDIT REPORTS

Forest Department

5.2.1 Introduction

Performance Audit (PA) Reports are essentially a means to improving performance and accountability, which can be achieved through implementation of the recommendations contained in the PA reports. In order to examine the corrective actions that the audited entity had taken on the basis of the results of a previous PA, after allowing sufficient time for the remedial process, a follow up of audit on the selected PA is conducted to evaluate the extent of implementation of the recommendations made by audit with special focus on whether the audited entity had adequately addressed the problem areas pointed out by audit and taken remedial action.

5.2.2 Scope of Audit

The PA on "Integrated Audit of the Forest Department" which featured in the Report of Comptroller and Auditor General of India for the year 2010-11 was taken up to assess and evaluate the Department's performance and improvements in programme management.

5.2.3 Audit Methodology

The follow-up of PA commenced with an Entry Conference on 12th May 2017 with the Principal Chief Conservator of Forests, Government of Tripura. Initially the work started with desk review of the implementation of the recommendations, including meetings, discussions with the Departmental Officers and also issuing questionnaires to elicit information relating to the latest position and action taken by the entity on audit recommendations. Field audit was then conducted to gauge the extent of implementation of the recommendations. The Exit Conference was held with the Principal Chief Conservator of Forests on 14 November 2017. The outcome of the meetings, discussions and test check of records during field inspection formed the basis of the audit findings.

5.2.4 Audit findings

The results of the follow-up of PA on implementation of the audit recommendations by the entity are discussed below:

5.2.4.1 Integrated Audit of the Forest Department (Para 3.1 of AR 2010-11)

The PA report featuring the performance of the Department for the period 2006-2011 contained seven recommendations, the implementation of which were agreed to by the Department. The findings on follow-up of the report are given in table below.

Audit recommendation	Audit findings on present status of implementation	Views/Comments of the Department
The Department's Annual Plan should include verifiable quantitative targets in terms of new plantations, survival rates and extent of forest cover (Para Ref: 3.1.7.1)	The recommendation was partially implemented. The Department included physical target in terms of area (in ha) for new plantations in the annual plan for the years 2011-12 to 2014-15, but the quantitative targets such as the number of plants to be planted in the targeted area, survival rate of those plants and extent of forest coverage after taking into account the plants surviving had not been included.	The Department agreed (November 2017) to link quantitative target in terms of new plantations, survival rates and extent of forest cover from 2017-18 onwards.
Timely release of funds to ensure plantation work during the season and also to avoid rush of expenditure towards the end of the year (Para Ref: 3.1.9.3 & 3.1.8.5)	The recommendation was not implemented. Audit observed that departmental expenditure was not evenly spread throughout the year and rush of expenditure in the closing month of the financial year continued during 2011-12 to 2016-17. Test check of Monthly Expenditure Statements of 17 units[1] revealed that expenditure in the month of March alone ranged between 34 and 78 *per cent* during the period 2011-12 to 2016-17.	The Department stated (November 2017) that they were regularly in touch with the funding agencies for timely release of funds to carry out the plantation works during the season and to avoid rush of expenditure at the end of the financial year.
Significant amount of cash were lying unutilised with the Joint Forest Management Committees (JFMCs) and Forest	a) The recommendation was partially implemented for the project under National Afforestation Programme (NAP) at the Forest Development Agency/Sub Divisional Forest Development Agency (FDA/SFDA)	The Department stated (November 2017) that after reorientation in March 2015, the FDAs had been bifurcated into

[1] Erstwhile Divisional Forest Offices, Sadar, Udaipur, Gumti, Kanchanpur,Kailashahar, and Sub Divisional Forest Offices, Sadar (Urban), Sadar (Mandai), Kanchanpur, Karbook, Udaipur, Sonamura, Bishalgarh, Dharmanagar, Kailashahar, Sabroom, Amarpur, Sepahijala WLW.
(From 1st April 2015, the 9 territorial forest Divisions namely Sadar, Udaipur, Gumti, Bagafa, Teliamura, Ambassa, Manu, Kailashahar and Kanchanpur had been divided into 17 sub divisions namely Sadar (Urban), Sadar (Mandai), Bishalgarh, Sonamura, Udaipur, Amarpur, Karbook, Bagafa, Sabroom, Khowai, Teliamura, Ambassa, Manu, Kumarghat, Kailashahar, Dharmanagar, Kanchanpur)

Audit recommendation	Audit findings on present status of implementation	Views/Comments of the Department
Development Authorities (FDAs) under (National Afforestation Programme (NAP) and Japan International Co-operation Agency (JICA), which should be put to fruitful use at the earliest (Para Ref: 3.1.8.2, 3.1.8.3 & 3.1.10.8).	level. Principal Chief Conservator of Forest (PCCF) transferred the fund to the FDAs at the forest division level, who in turn transferred it to the Joint Forest Management Comittees (JFMCs) at village level for incurring actual expenditure at village level. Scrutiny of records in the office of the Principal Chief Conservator of Forest (PCCF) revealed that during the year 2011-12 to 2015-16 entire fund of NAP amounting to ₹ 5,697.39 lakh was transferred from PCCF level to FDAs/SFDAs reducing the closing balance to zero at PCCF level (March 2016). Test check of disbursers' Ledger maintained at FDA/SFDA for utilisation of the fund disclosed that FDAs/SFDAs/JFMCs could not utilise the fund fully. ₹ 50.29 lakh had been lying unspent with 169 Joint Forest Management Committees (JFMCs) and 3 Ranges under four erstwhile Divisions (Sadar, Udaipur, Kanchanpur and Gumti) at the end of March 2017. No steps were taken to adjust the outstanding ledger balance either by cash recovery or adjustment by submission of bills. b) On the other hand, the recommendation was significantly implemented in utilisation of the unspent balance of JFMCs under different District Management Units (DMUs) under the project Japan International Co-operation Agency (JICA).	SFDAs. The adjustment for outstanding ledger balance had been kept with the erstwhile FDAs. As a result, the outstanding ledger balance could not be minimised. However, action would be taken to transfer the adjustments to the respective SFDAs to minimise the ledger balance. During the Exit Conference, it was stated that an order was issued to bring certain JFMCs of NAP under JFMCs of JICA so as to ensure that good practices are adopted in all JFMCs.

Audit recommendation	Audit findings on present status of implementation	Views/Comments of the Department
	Scrutiny of audited accounts of the 463 JFMCs revealed that unspent balance had significantly been reduced to ₹ 26.13 lakh (as of March 2016)[2] from ₹ 9.52 crore as indicated in the earlier AR 2010-11.	
Micro level planning, work plans needs to be improved (Para Ref: 3.1.10.2)	The recommendation was partially implemented. Micro level planning is a major component of the NAP and JICA. The work plan based on micro-plans for five years for each JFMC has to be drawn up by the FDAs/DMUs prior to project implementation in consultation with JFMCs and the local communities incorporating their ideas and requirements. Records in 208 out of 542 JFMCs in the 7 SFDAs [3] under the project NAP were test checked by audit. Audit observed that the department did not prepare micro plan & annual plan of operation for all the JFMCs before carrying out the project activities. It was found that 34 JFMCs did not prepare the micro plan and 82 JFMCs did not revise the micro plan during 12th plan period (as of March 2017). Annual Plan of Operations (APOs) based on the approved micro plan were approved for only 135 JFMCs. On the other hand, in the project JICA, micro plans were prepared for all the 463 JFMCs. As regards preparation of APOs, out of 179 JFMCs, in 5 tests checked Sub Divisional Management Units (SDMUs)[4], 170 JFMCs had prepared the	The Department stated (November 2017) that preparation of micro plan and annual plan of operation requires some time since it requires higher skill and is prepared in consultation with the JFMCs for incorporating their ideas and requirements. However, steps would be taken to update the Annual Plan of Operation (APO) for remaining JFMC before initiation of the project.

[2] Audit of JFMCs Accounts for the year 2016-17 had not been completed
[3] Sadar (Urban), Sadar (Mandai), Bishalgarh, Sonamura, Amarpur, Karbook, Udaipur
[4] Amarpur, Udaipur, Karbook, Sonamura, Bishalgarh

Audit recommendation	Audit findings on present status of implementation	Views/Comments of the Department
	APOs. Only 9 JFMCs under Sonamura SDMU did not prepare the APOs. Functioning of the JFMCs in the NAP and JICA had been evaluated in audit on the following criteria: -	
Functioning of JFMCs needs to be improved (Para Ref: 3.1.8.3, 3.1.10.8, 3.1.10.3, 3.1.10.4 & 3.1.10.5)	i) **Non-utilisation of funds available**: - Under the project NAP despite non-utilisation of funds of ₹ 50.29 lakh by 169 JFMCs and three ranges, the Department sanctioned (January 2015) ₹ 7.69 crore in revolving fund account for enhancing the livelihood option for JFMCs constituted under NAP in the seventeen sub divisions and three Wild Life Wardens (Sepahijala, Trisna and Gumti). Each JFMC had been given ₹ 1.42 lakh as seed money in the revolving fund to enable the JFMC to carry out value addition income generation activities through providing loan to Self Help Groups (SHGs) or individuals. Records of JFMCs in 8 test checked sub divisions[5] revealed that out of total fund of ₹ 3.50 crore placed in revolving fund account of 247 JFMCs, only ₹ 15.79 lakh could be utilised by them. ₹ 3.34 crore had been left idle for more than 27 months as registration of SFDAs under the Societies Registration Act 1860 had not been completed as of March 2017. Further, no records of formation and registration of SHGs were available. On the other hand, utilisation of revolving fund in JICA to carry out value addition income generation activities had shown a remarkable improvement as can be seen from the	Regarding non-utilisation of funds available, lack of Entry Point Activities, shortfall in plantation and non-observance of prescribed maintenance schedule of plantation under the project NAP, the Department assured (November 2017) that steps would be taken to improve the micro level planning, work plan etc. by exchanging the views among the best performing field offices. It was also stated that all the SFDAs had since been registered and that supporting documents would be submitted to audit soon.

[5] Sadar (Urban), Sadar (Mandai), Amarpur, Udaipur, Karbook, Sonamura, Bishalgarh, Kanchanpur

Audit recommendation	Audit findings on present status of implementation	Views/Comments of the Department
	performance indicators (as on 31st March 2017) stated below: a. Out of the 1,545 SHGs formed, 1,500 SHGs had been registered. b. Loan of ₹ 5.74 crore had been provided to 1,723 SHGs in 1st, 2nd and 3rd instalments. c. Loan of ₹ 224.97 had been recovered from 904 SHGs. d. 3,051 activities relating to fishery, piggery, poultry, duckery, mushroom, honey, broom grass, etc. had been initiated. ii) **Lack of Entry Point Activities (EPA)**: - Audit observed that in NAP, no expenditure on creation of durable community assets to enhance livelihoods such as Vocational Training Centre (VTC), approach road, Multi Utility Centre (MUC), market shed, etc. had been incurred after 2010-11[6]. On the other hand, in the case of JICA project, ₹ 745.25 lakh had been incurred during 2011-12 to 2016-17 towards construction of 399 VTCs and 58 MUCs and the target set had been fully achieved. iii) **Shortfall in plantation and non-observance of prescribed maintenance schedule of plantation**: Follow up of implementation of recommendation by audit revealed that the Department had achieved 89.33 *per cent* plantation target under NAP during 2011-12 to 2016-17. On the other hand, JICA had achieved the target in full.	

[6] Last expenditure on fixed asset was incurred for ₹ 439.39 lakh upto 2010-11

Audit recommendation	Audit findings on present status of implementation	Views/Comments of the Department
	iv) **Improper maintenance/non-maintenance of JFMCs records (both NAP and JICA)**: - Audit observed that: a. Plantation/nursery journals indicating the survival rate, growth and health of the plants were neither maintained properly nor updated. b. Inspection registers were not maintained by 144 JFMCs. c. 60 JFMCs out of 208 JFMCs did not produce the Cash Books for operation of revolving fund though bank accounts were opened for the purpose.	
Compensatory Afforestation needs to be completed at the earliest (Para Ref: 3.1.10.11).	The recommendation was partially implemented. Scrutiny of progress report of Compensatory Afforestation (CA) furnished to the Ministry of Environment and Forest (MoEF) for the quarter ending March 2017 revealed that against 7,706.994 ha of forest land in 300 cases diverted for non-forestry purposes since 1981, only 5,936.998 ha in 265 cases were stipulated for CA, of which 5,097.164 ha in 242 cases were completed at a cost of ₹ 7,878.00 crore as of March 2017.	The Department stated (November 2017) that against 7,706.994 ha of forest land diverted for non-forestry purpose since 1981, CA over 5,097.164 ha had already been done.
Unauthorised use of forest land needs to be regularised at the earliest (Para Ref: 3.1.10.12)	For regularisation of unauthorised use of forest land, the recommendation was partially implemented. Out of 6 cases, only one case (6^{th} Bn. BSF) had been regularised on realisation of Net Present Value (NPV) and compensatory afforestation.	The Department stated (November 2017) that the matter had already been taken up with the authority concerned for regularisation of the remaining five cases.
Depletion of forests noted in satellite	The recommendation was partially	The Department stated (November

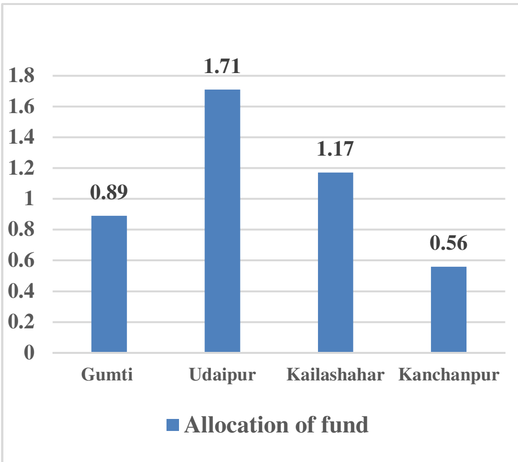
Audit recommendation	Audit findings on present status of implementation	Views/Comments of the Department
survey and shortages in plantation noted in GPS survey needs to be addressed. The monitoring of survival of plantation is essential to ensure successful plantation (Para Ref: 3.1.11, 3.1.9.1 & 3.1.9.5)	implemented. The State continued to lose its forest cover, falling from 8,049 Sq. Km in 2011 to 7,866 Sq. Km in 2015 (latest forest Survey of India report) as detailed in **Appendix-5.2.1.** Regarding duplication of Global Positioning System (GPS) reading for two or more plantations, test check of plantation records, resurvey maps and analysis of soft copy of GPS reading revealed that the using of duplicate positional reading of plantation area had been resolved. **Regarding monitoring of survival of plantation**: - Test check of records of JFMCs under 8 SDFOs[7], disclosed that 130 JFMCs had initiated the maintenance of plantation journals but did not carry out the recording of details of prescribed parameters. Survival rate of plants and their growth had also not been recorded in the plantation journals. The plantation journals did not bear inspection note.	2017) that depletion of forest cover took place due to diversion of forest land for various developmental projects like widening of highways, railways, etc. The Department also stated that definition of forest coverage and forest area were different. However, the matter would be looked into and steps would be taken to minimise the depletion of forest coverage. Regarding monitoring of survival of plantation, the Department stated (November 2017) that DFOs would be instructed to maintain the plantation journals as per prescribed parameters.
Resource allocation to be addressed, (Para Ref: 3.1.8.6)	The recommendation was not implemented. Variation in allocation of resources between the divisions and sub-divisions	The Department stated (November 2017) allocation of resources was done as per requirements

[7] Sadar (Urban), Sadar (Mandai), Sonamura, Bishalgarh, Udaipur, Karbook, Kanchanpur, Amarpur

<table>
<tr><th>Audit recommendation</th><th>Audit findings on present status of implementation</th><th>Views/Comments of the Department</th></tr>
<tr><td></td><td>continued. In the test checked divisions, resource allocation ranged from ₹ 0.56 lakh per Sq Km in Kanchanpur to ₹ 1.71 lakh per Sq Km in Udaipur Division during 2011-15. From 2015-16 till 2017, resource allocation varied from as little as ₹ 0.09 lakh per Sq Km in Udaipur Sub Division to ₹ 3.82 lakh per Sq Km in BishalgarhSub Division.

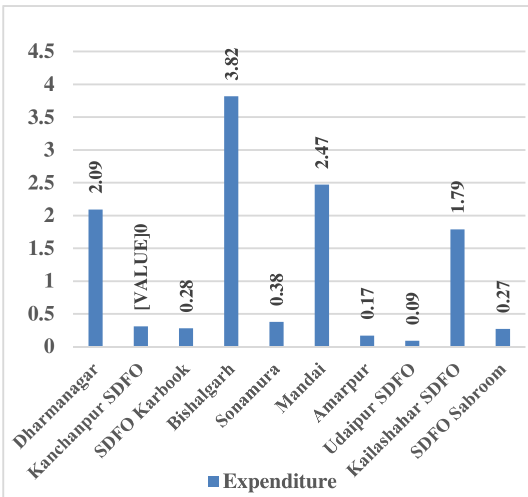
Division wise resource allocation during 2011-15 (per Sq Km):

(₹ in lakh)



Sub division wise resource allocation during 2015-17 (per sq km):

(₹ in lakh)


</td><td>submitted from the field and approval of action plan. However, the matter would be examined in the light of audit recommendation.</td></tr>
</table>

Audit recommendation	Audit findings on present status of implementation	Views/Comments of the Department
Internal control mechanism to be improved (Para Ref: 3.1.13)	The department issued office order (May 2012) to inspect the different forest divisions by the CF/CCF and Additional PPCF to: - a) Review and monitor the implementation of different schemes under State Plan, CSS and EAPs. b) Reduce the huge outstanding ledger balances lying with different Drawing and Disbursing Officers, other sub ordinate officers and member secretaries of the JFMCs. c) Monitor the different developmental activities and regularise the maintenance of records in the field offices. Records disclosed that, four divisions were inspected by Additional PCCF/CCF/CF during 2012 and reports submitted on plantation activities, maintenance of records in Ranges/Beat Offices, submission of preliminary survey/resurvey maps, etc. Thereafter, no records relating to inspection of the field offices were produced to audit.	The Department stated (November 2017) that due to communication gap, field offices were not inspected after 2012. However, efforts would be taken to complete the inspection.

5.2.5 Conclusion

The Department continued to prepare plans without quantitative targets in terms of new plantations, survival rates and extent of forest cover. Implementation of audit recommendations was evident in JICA project, while little progress was seen in NAP. Rush of expenditure towards the end of the year were noticed. Unutilised amounts remained with the JFMCs, FDAs and DMUs under NAP and JICA. Preparation/revision of micro plans and work plans by the JFMCs under NAP had not been completed in any of the JFMCs. Unauthorised use of forest land was not regularised. Monitoring of survival of plantations had not been done as required under departmental guidelines. Resource allocations continued to be not in proportion to the assigned areas of the forest divisions/sub divisions. The internal control mechanism continued to be weak.

5.3 Monitoring

The following committees had been formed at the Government level to monitor the follow up action on Audit Reports and PAC/COPU recommendations.

Departmental Monitoring Committee

Departmental Monitoring Committees (DMCs) had been formed (April 2002) by all departments of the Government under the chairmanship of the departmental Secretaries to monitor the follow up action on Audit Reports and PAC/COPU recommendations. The DMCs were to hold monthly meetings and send progress reports on the issue every month to the Finance Department.

Information regarding the meetings of the DMCs during 2016-17 though called for (June 2017) had not been furnished (February 2018).

Apex Committee

An Apex Committee had 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/COPU recommendations.

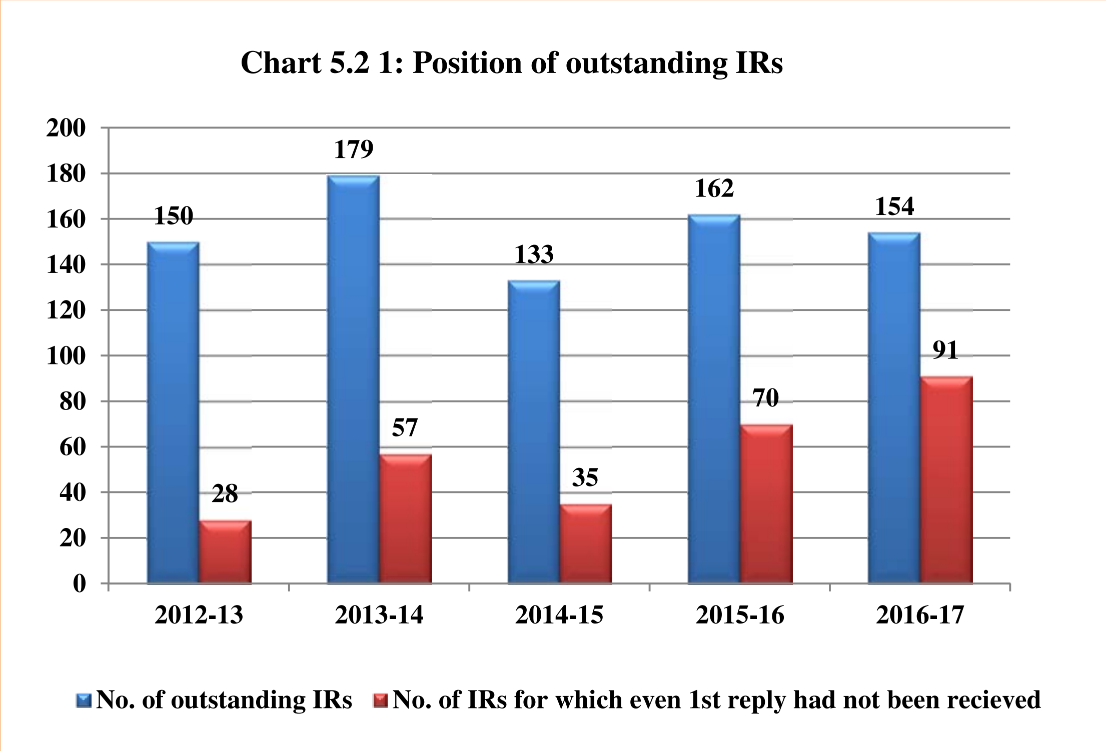
Information regarding the meetings of the Apex Committee during 2016-17 though called for (June 2017) had not been furnished (February 2018).

5.4 Outstanding Inspection Reports

First reply for 281 out of 778 Inspection Reports issued upto 2016-17 were not furnished within the stipulated period by the departments concerned.

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

Analysis of the position of outstanding IRs showed that 4,264 paragraphs included in 778 IRs issued during the last five years upto 2016-17 were pending for settlement as of September 2017. Of these, even the first reply had not been received in respect of 281 IRs inspite of repeated reminders. The year-wise break-up of the outstanding IRs and the position of response thereto is given in **Chart 5.2.1**.



As a result, the following important irregularities commented upon in those IRs had not been addressed as of September 2017.

Table 5.4.1: Irregularities not addressed

Nature of irregularities	Number of cases	Amount involved (₹ *in crore*)
Excess/Irregular/Avoidable/Unfruitful/ Wasteful/Unauthorised/Idle expenditure	296	151.38
Blocking of funds	321	454.78
Non-recovery of excess payments/overpayments	204	13.53
Under assessment	123	8.18
Loss of Revenue	23	4.91
Others	2,128	1,103.81
Total	**3,095**	**1,736.59**

It is evident from the above table that 3,095 cases for ₹ 1,736.59 crore involving observations on loss of revenue, overpayments, excess payments, underassessment, etc. remained to be addressed by the departments concerned.

(MANISH KUMAR)
Accountant General (Audit), Tripura

Agartala
The 15 June 2018

Countersigned

(RAJIV MEHRISHI)
Comptroller and Auditor General of India

New Delhi
The 18 June 2018

APPENDICES

Appendix-1.3.1

Districts, Blocks and Schools sample/selected for Performance Audit on RTE Act, 2009

(Reference: Paragraph 1.3.3)

State-wide		In the three selected districts	Audit Sample in the three selected districts*	Particulars/Remarks
1	*2*	*3*	*4*	*5*
No. of districts in the State	08	03	03	Dhalai, West Tripura and South Tripura Districts
No. of SSA District Project Coordinators (DPCs) in the State	08	03	03	Dhalai, West Tripura and South Tripura DPCs
No. of Blocks in the State	58	25	11	
No. of Urban Block Project Coordinators	02 (Agartala Municipal Corporation (AMC) and Udaipur Municipal Council in Gomati District)	01 (AMC in West Tripura District)	01 (AMC in West Tripura District)	
No. of Block Project Coordinator/Joint Block Project Coordinator in the State	83 (BPC: 58 and Joint BPC: 25)	37 (BPC: 25 and Joint BPC: 12)	17 (BPC: 10; Joint BPC: 07)	In rural areas
No. of Urban Resource Centre	02	01	01	
No. of Block Resource Centre	58	25	11	
No. of Primary/Upper Primary Schools in Urban Blocks in the State	304	192	18	Primary: 08 Upper Primary: 10
No. of Primary/Upper Primary Schools in Rural Blocks in the State	4,098	1,881	72	Primary: 35 Upper Primary: 37
Six schools of capital city (Agartala) were visited during this PA				

Appendix-1.3.2

Statement showing the year-wise unspent balance of the selected units during the period from 2012-13 to 2016-17

(Reference: Paragraph 1.3.8.2)

(₹in lakh)

Name of selected units	2012-13	2013-14	2014-15	2015-16	2016-17
State Project Director (SPD) Tripura, Agartala	1,451.10	575.66	1,477.48	2,503.71	3,914.70
Addl. State Project Director Agartala	166.39	164.98	226.04	263.58	208.01
SCERT Agartala	242.60	323.67	267.63	485.14	548.18
NPEGL	0.03	0.03	0.03	0.03	0.03
KGBV	0.54	0.60	0.65	0.68	0.71
District Project Coordinator Dhalai	261.48	502.85	683.34	322.09	284.24
District Project Coordinator West Tripura	368.33	397.21	1,094.32	210.08	108.33
District Project Coordinator South Tripura	102.25	2.44	177.96	228.08	242.35
90 School Level Position	15.59	18.32	16.51	20.64	18.82
Total	**2,608.31**	**1,985.76**	**3,943.96**	**4,034.03**	**5,325.37**
DIET, West Tripura	Fund not received				3.25
DIET, Kamalpur Dhalai	7.55	7.55	7.55	8.47	12.30
DIET, Kailasahar	4.42	4.59	4.76	4.95	13.28
DIET, Kakraban	12.85	13.37	13.87	14.43	4.24
Total	**24.82**	**25.51**	**26.18**	**27.85**	**33.07**
BPC, Ambassa ADC	90.93	1,26.91	1,72.45	38.83	44.89
BPC, Dumburnagar State	61.78	63.30	69.02	45.08	30.20
IBPC, Dumburnagar ADC	114.84	199.65	329.69	152.01	92.94
BPC, Ganganagar ADC	0	0	33.83	13.35	9.95
BPC, Kamalpur Salema	179.20	287.33	521.00	107.75	93.63
BPC Kamalpur Ambassa MC	111.14	176.09	331.09	184.46	109.08
BPC, Jirania (Mandwai)	88.65	68.37	44.69	102.06	29.48
BPC, Mohanpur (Lefunga)	174.21	33.39	53.58	47.72	23.69
BPC, AMC, Agartala	263.47	153.18	222.64	148.25	98.11
BPC, Old Agartala (Jirnaia)	0	1,51.29	54.59	174.60	73.19
Joint BPC (TTAADC), Khumulwng,	27.95	53.14	23.47	101.93	16.71

Appendix-1.3.2 (concld.)

Statement showing the year-wise unspent balance of the selected units during the period from 2012-13 to 2016-17

(Reference: Paragraph 1.3.8.2)

(₹in lakh)

Name of selected units	2012-13	2013-14	2014-15	2015-16	2016-17
Joint BPC (TTAADC), Watloktwithu,	36.30	53.24	16.13	99.68	28.99
BPC, Belonia	85.29	1,13.31	68.98	97.36	63.48
BPC, Rajnagar	84.43	1,05.32	61.37	1,29.71	52.06
BPC, Rupaichari (State)	35.78	92.58	1,80.02	1,45.77	80.80
Joint BPC, Rupaichari (TTAADC)	20.57	57.84	45.34	9.70	21.49
BPC, Bokafa (State)	59.84	1,21.81	1,28.55	30.01	39.80
Joint BPC, Bokafa (TTAADC)	8.93	51.26	26.65	10.97	12.11
Total	**1,443.31**	**1,908.01**	**2,383.09**	**1,639.24**	**920.60**
BRC Ambassa	37.29	32.97	37.73	36.60	31.98
BRC Salema	27.73	40.64	48.87	51.90	36.42
BRC Dumburnagar	26.64	38.23	47.08	53.39	43.02
URC, AMC	19.72	35.55	39.84	47.11	41.67
BRC, Old Agartala	13.46	24.49	21.32	26.30	27.60
BRC Mandwai	24.95	37.21	39.99	42.54	45.51
BRC, Mohanpur	5.78	13.53	15.65	8.95	7.96
URC, Belonia	URC Belonia become functional w.e.f March 2016				2.11
BRC, Rajnagar	9.47	10.51	8.44	10.93	12.70
BRC, Bokafa	14.56	13.81	15.32	20.11	22.79
BRC, Rupaichari	7.23	6.84	5.41	4.10	5.76
Total	**186.83**	**253.78**	**279.65**	**301.93**	**277.52**
Grand unspent balance	**4,263.27**	**4,173.06**	**6,632.88**	**6,003.65**	**6,556.56**

Appendix-1.3.3

Statement showing the district-wise unadjusted advances of SSA Fund at the end of year during 2012-13 to 2016-17

(Reference: Paragraph 1.3.8.3)

(₹in crore)

Year	West District	Sepahijala	Khowai District	Dhalai District	Unakoti District	North Tripura	Gomati District	South Tripura	Total	Remarks
2012-13	14.23			6.34	7.39		7.72		35.69	As per Chartered Accountants' Audit Report
2013-14	12.82	1.94	2.19	10.33	1.48	11.38	2.98	7.51	50.63	
2014-15	18.49	4.44	4.99	21.13	3.44	17.96	7.99	9.27	87.71	
2015-16	11.73	1.77	0.93	4.94	2.47	11.41	3.57	8.85	45.67	
2016-17	5.49	7.12	4.04	9.56	1.19	10.37	7.91	6.53	52.20	

Source: SSA, Rajya Mission, Tripura

Appendix-1.3.4

Statement showing the year-wise position of undistributed free text books under elementary education

(Reference: Paragraph 1.3.8.5)

Year	Class	Number of books						Number of books				Year-wise total number of books remained undistributed
		SCERT	IS, Sadar-A	IS, Mohanpur	IS, Kamalpur	Joint BPC, Watlok Twithu (TTAADC)	Joint BPC, Khumulwng (TTAADC)	IS Belonia	IS Rupa-ichari	Joint BPC Rupaichari (TTAADC)	Joint BPC Bokafa (TTAADC)	
2012-13	I to VIII	1,63,727	19,460	NA	29,175	0	0	2,800	572	255	0	2,15,989
2013-14	I to VIII	62,191	1,530	NA	5,650	410	0	35,491	624	470	1,083	1,07,449
2014-15	I to VIII	96,319	1,705	NA	5,224	0	0	9,740	1,790	706	1,541	1,17,025
2015-16	I to VIII	78,945	2,445	NA	5,100	0	0	4,470	742	245	194	92,141
2016-17	I to VIII	17,102	3,225	823	9,554	0	2,301	1,715	429	745	3,098	38,992
Total		**4,18,284**	**28,365**	**823**	**54,703**	**410**	**2,301**	**54,216**	**4,157**	**2,421**	**5,916**	**5,71,596**

Source*:* SCERT and selected Inspectorate of Schools

Appendix-2.5.1

Statement showing expenditure incurred towards execution of WBM and bituminous works in excess of actual width of the road

(Reference: Paragraph 2.5)

Particulars	Volume/ Area	Unit	Length *(in m)*	Average width *(in m)*	Excess width *(in m)*	Excess area/ volume	Rate *(in ₹)*	Total *(in ₹)*
WBM (Grade-II)	2,102.478	Cum	6,567.05	4.268742	0.968741672	477.133125	2,737.85	13,06,319
WBM (Grade-III)	1,799.568	Cum	6,515.55	3.682612	0.382611598	186.969375	2,767.85	5,17,503
Prime Coat	26,246.68	Sqm	6,541.35	4.012426	0.712425570	4,660.225	24.72	1,15,201
PMC	26,565.35	Sqm	6,594.55	4.028379	0.728379495	4,803.335	175.55	8,43,225
Tack Coat	26,602.95	Sqm	6,594.55	4.034081	0.73408117 3	4,840.935	8.81	42,649
Sand Seal Coat	26,565.35	Sqm	6,594.55	4.028379	0.728379495	4,803.335	52.99	2,54,529
Total								**30,79,426**
Add profit (29 *per cent*)								**8,93,034**
Grand Total								**39,72,460**

Appendix-2.5.2

Statement showing wasteful expenditure incurred towards bituminous work

(Reference: Paragraph 2.5)

Particulars	Total length *(in m)*	Road found in damaged condition *(in m)*	Average width *(in m)*	Area *(in sqm)*	Rate *(in ₹)*	Amount *(in ₹)*
Prime coat	6,541.35	4,641.35	4.0124	18,623.07	24.72	4,60,362
PMC	6,594.55	4,694.55	4.0284	18,911.43	175.55	33,19,901
Sand Seal	6,594.55	4,694.55	4.0284	18,911.43	52.99	10,02,117
Tack Coat	6,594.55	4,694.55	4.0341	18,938.20	8.81	1,66,846
Total						**49,49,226**
Add profit (29 *per cent*)						**14,35,276**
Grand Total						**63,84,502**

Appendix-3.1.1

Statement showing investments made by State Government in SPSUs whose accounts are in arrears

(Reference: paragraph 3.1.11)

(Figures in columns 4 & 6 to 8 are ₹in crore)

Sl. No.	Name of the Public Sector Undertaking	Year up to which accounts finalised	Paid up capital[1]	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A	Working Government Companies						
1	Tripura Horticulture Corporation Limited	2013-14	4.04	2014-15	3.90	0.00	0.00
				2015-16	1.08	0.00	0.00
				2016-17	1.10	0.00	0.00
2	Tripura Tea Development Corporation Limited	2015-16	38.57	2016-17	3.00	0.00	1.18
3	Tripura Rehabilitation Plantation Corporation Limited	2014-15	4.58	2015-16	0.00	0.00	1.35
				2016-17	0.00	0.00	1.35
4	Tripura Small Industries Corporation Limited	2014-15	51.56	2015-16	3.50	0.00	0.00
				2016-17	3.50	0.00	0.00
5	Tripura State Electricity Corporation Limited	2014-15	665.75	2015-16	0.00	0.00	69.00
				2016-17	0.01	13.25	57.17
6	Tripura Handloom and Handicrafts Development Corporation Limited	2014-15	86.09	2015-16	10.00	0.00	0.00
				2016-17	11.00	0.00	11.00

[1] Paid up capital includes share suspense/application money.

Appendix-3.1.1 (concld.)

Statement showing investments made by State Government in SPSUs whose accounts are in arrears

(Reference: paragraph 3.1.11)

(Figures in columns 4 & 6 to 8 are ₹in crore)

Sl. No.	Name of the Public Sector Undertaking	Year up to which accounts finalised	Paid up capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
7	Tripura Urban Transport Company Limited	2013-14	0.60	2014-15	0.00	0.00	0.30
				2015-16	0.00	0.00	0.25
				2016-17	0.00	0.00	0.00
8	Tripura Tourism Development Corporation Limited	2015-16	11.12	2016-17	11.02	0.00	0.00
	Total A (Working Government Companies)		**862.31**		**48.11**	**13.25**	**141.60**
B	**Working Statutory corporations**						
1	Tripura Road Transport Corporation	2014-15	160.97	2015-16	0.00	0.00	17.69
				2016-17	0.00	0.00	16.58
	Total B (Working Statutory Corporations)		**160.97**		**0.00**	**0.00**	**34.27**
	Grand Total (A + B)		**1023.28**		**48.11**	**13.25**	**175.87**

Appendix-3.1.2

Statement showing Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts

(Reference: Paragraphs 3.1.10, 3.1.14 and 3.1.14A)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital @	Loans outstanding at the end of year	Accumulated Profit (+) / Loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed	Return on capital employed	Percentage return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A. Working Government Companies													
AGRICULTURE & ALLIED													
1	Tripura Forest Development & Plantation Corporation Limited	2015-16	2017-18	9.20	0.00	144.89	37.08	0.58	NF	154.18	0.58	0.38	214
2	Tripura Horticulture Corporation Limited	2013-14	2016-17	4.04	0.00	-3.44	8.71	-1.01	0.11	0.60	-1.01	-168.33	85
3	Tripura Tea Development Corporation Limited	2015-16	2017-18	38.57	0.00	-20.66	4.44	-2.08	0.79	24.24	-2.08	-8.58	650

Appendix-3.1.2 (contd.)

Statement showing Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts

(Reference: Paragraphs 3.1.10, 3.1.14 and 3.1.14A)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital @	Loans outstanding at the end of year	Accumulated Profit (+) / Loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed	Return on capital employed	Percentage return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
4	Tripura Rehabilitation Plantation Corporation Limited	2014-15	2017-18	4.58	0.00	15.44	25.15	-2.64	2.01	20.02	-2.64	-13.19	168
Sector wise total				**56.39**	**0.00**	**136.23**	**75.38**	**-5.15**	**2.91**	**199.04**	**-5.15**	**-2.59**	**1117**
FINANCING													
5	Tripura Industrial Development Corporation Limited	2015-16	2016-17	16.17	128.41	-14.31	4.98	-4.27	0.00	130.40	-4.27	-3.27	41
Sector wise total				**16.17**	**128.41**	**-14.31**	**4.98**	**-4.27**	**0.00**	**130.40**	**-4.27**	**-3.27**	**41**
MANUFACTURING													
6	Tripura Jute Mills Limited	2016-17	2017-18	272.02	1.05	-259.17	4.36	-26.79	0.00	13.90	-26.79	-192.73	727

Appendix-3.1.2 (contd.)

Statement showing Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts

(Reference: Paragraphs 3.1.10, 3.1.14 and 3.1.14A)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital @	Loans outstanding at the end of year	Accumulated Profit (+) / Loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed	Return on capital employed	Percentage return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
7	Tripura Small Industries Corporation Limited	2014-15	2017-18	51.56	0.00	-36.58	17.41	-3.48	0.13	15.46	-3.48	-22.51	158
Sector wise total				**323.58**	**1.05**	**-295.75**	**21.77**	**-30.27**	**0.13**	**29.36**	**-30.27**	**-103.10**	**885**
POWER													
8	Tripura State Electricity Corporation Limited	2014-15	2017-18	665.75	347.48	-288.17	688.31	-79.96	-2.95	595.04	-79.96	-13.44	4017
Sector wise total				**665.75**	**347.48**	**-288.17**	**688.31**	**-79.96**	**-2.95**	**595.04**	**-79.96**	**-13.44**	**4017**
SERVICES													
9	Tripura Handloom and Handicrafts Development Corporation Limited	2014-15	2017-18	86.09	4.27	-98.58	4.28	-9.12	-2.99	-6.65	-9.12	Not workable	302

Appendix-3.1.2 (contd.)

Statement showing Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts

(Reference: Paragraphs 3.1.10, 3.1.14 and 3.1.14A)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital @	Loans outstanding at the end of year	Accumulated Profit (+) / Loss (-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit Comments	Capital Employed	Return on capital employed	Percentage return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
10	Tripura Urban Transport Company Limited	2013-14	2016-17	0.60	0.00	0.32	0.34	0.09	-4.75	0.92	0.09	9.78	8
11	Tripura Tourism Development Corporation Limited	2015-16	2017-18	11.12	0.00	-0.89	2.12	-0.10	0.00	10.23	-0.10	-0.98	16
Sector wise total				**97.81**	**4.27**	**-99.15**	**6.74**	**-9.13**	**-7.74**	**4.50**	**-9.13**	**-202.89**	**326**
MISCELLANEOUS													
12	Tripura Natural Gas Company Limited	2016-17	2017-18	3.92	6.07	60.77	66.98	11.30	0.20	70.76	11.30	15.97	19
Sector wise total				**3.92**	**6.07**	**60.77**	**66.98**	**11.30**	**0.20**	**70.76**	**11.30**	**15.97**	**19**
Total A (All sector wise working Government companies)				**1163.62**	**487.28**	**-500.38**	**864.16**	**-117.48**	**-7.45**	**1,029.10**	**-117.48**	**-11.42**	**6405**

Appendix-3.1.2 (concld.)

Statement showing Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts

(Reference: Paragraphs 3.1.10, 3.1.14 and 3.1.14A)

(Figures in columns (5) to (12) are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of Accounts	Year in which accounts finalised	Paid-up Capital @	Loans outstanding at the end of year	Accumulated Profit (+) / Loss (-)	Turnover	Net profit (+)/loss (-)	Net impact of Audit Comments	Capital Employed	Return on capital employed	Percentage return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
B. Working Statutory corporation													
SERVICES													
1	Tripura Road Transport Corporation	2014-15	2017-18	160.97	0.25	-273.01	5.11	-0.61	-1.11	-111.79	-0.61	Not workable	**316**
Sector wise total				**160.97**	**0.25**	**-273.01**	**5.11**	**-0.61**	**-1.11**	**-111.79**	**-0.61**	**Not workable**	**316**
Total B (All sector wise working Statutory Corporation)				**160.97**	**0.25**	**-273.01**	**5.11**	**-0.61**	**-1.11**	**-111.79**	**-0.61**	**Not workable**	**316**
Grand Total (A+B)				**1324.59**	**487.53**	**-773.39**	**869.27**	**-118.09**	**-8.56**	**917.31**	**-118.09**	**-12.87**	**6721**
C. Non working Government companies													
FINANCING													
1	Tripura State Bank Limited	Non functional and in the process of liquidation.											
Sector wise total				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Total C (All sector wise non working Government company)				**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	0.00	**0**
Grand Total (A+B+C)				**1324.59**	**487.53**	**-773.39**	**869.27**	**-118.09**	**-8.56**	**917.31**	**-118.09**	**-12.87**	**6721**

Appendix-3.2.1

List of field units selection for Performance Audit on Tripura State Electricity Corporation Limited for the period from 2012-13 to 2016-17

(Reference: Paragraph 3.2.4)

Segment	Circle	Division	Sub-division
Generation	Generation Circle	Baramura Gas Thermal Station Division	Gas Thermal Electrical SD and Gas Thermal Mechanical SD
		Rokhia Gas Thermal Station Division	Gas Thermal Electrical SD I & II, Gas Thermal Mechanical SD I and II
		Gomati Hydro Generation Station Division	Gomati Civil SD I & II, Gomati Electrical SD and Gomati Mechanical Sub Division
Transmission	Transmission Circle	Agartala Transmission Division	132 KV Grid Sub Station SD (79 Tilla) and 66 KV Substation SD (Badharghat)
		Testing & Communication Division	Workshop SD and Communication SD
Common	Commercial & System Operation.	Commercial & Tariff Division	--
		System Operation Division	--
Distribution	Dharmanagar Electrical Circle (Northern region)	Dharmanagar Electrical Division	Dharmanagar ESD I and II (Both RAPDRP area)
		Panisagar Electrical Division	Panisagar ESD and Damcheraa ESD (both Non RAPDRP areas)
	Banamalipur, Electrical Circle (Western Region)	Banamalipur, Electrical Division	Durgachowmohani ESD, Banamalipur ESD and IGM (Agartala) ESD (All RAPDRP areas
		Bordowali Electrical Division	Amtali ESD (Non RAPDRP area) Pratapgarh ESD (RAPDRP area)
		Capital Complex Electrical Division	Capital Complex ESD, GB ESD (Both RAPDRP areas)
	Gomati Electrical Circle, (Southern Region)	Udaipur Electrical Division	Udaipur ESD (RAPDRP Project area) Matabari ESD (Non RAPDRP areas)
		Amarpur Electrical Division	Amarpur ESD (RAPDRP Project area) Jatanbari ESD (Non RAPDRP areas)
	Sipahijala Electrical Circle (South Region)	Bishalgarh Electrical Division	Bishalgarh ESDs – I and II (Both Non RAPDRP areas)
		Sonamura Electrical Division	Sonamura ESD (RAPDRP Project area)
			Melaghar ESD (Non RAPDRP areas)
		Jampuijala Electrical Division	Jampuijala ESD (Non RAPDRP areas)

ESD: Electrical Sub- Division, RAPDRP: Restructure Accelerated Power Development and Reform Programme

Appendix-3.2.2

Statement Showing Financial Position of Tripura State Electricity Corporation Limited for the period from 2012-13 to 2016-17

(Reference: Paragraph 3.2.8.1)

(All figures except Debt Equity ratio are in crore)

Particulars	2012-13	2013-14	2014-15	2015-16*	2016-17
A. Equity and liabilities					
(a) Paid-up share capital	654.75	654.75	659.75	659.75	665.75
(b) Reserves & surplus	199.11	160.88	311.17	295.74	296.49
(c) Share money pending allotment	Nil	5.00	6.00	6.00	0.01
(d) Non-current liabilities:					
i) Long-term borrowings	204.40	204.40	156.38	160.28	356.88
ii) Other long-term liabilities	224.96	232.07	238.74	296.57	403.68
iii) Long term Provision	10.71	10.71	10.43	10.23	10.43
(e) Current liabilities	158.16	261.26	251.00	287.34	277.22
Total A	**1,452.09**	**1,529.07**	**1,633.47**	**1,715.91**	**2,010.46**
B. Assets					
(a) Non-current asset					
i) Fixed assets					
Tangible Fixed assets	682.33	650.76	810.26	798.69	784.73
Capital-work-in-progress	206.24	284.67	215.51	282.54	362.09
ii) Long-term loans and advances	76.35	109.74	106.84	100.89	135.83
(b) Current assets	487.17	483.90	500.86	533.79	727.81
Total B	**1,452.09**	**1,529.07**	**1,633.47**	**1,715.91**	**2,010.46**
Debt-Equity ratio[2]	41:59	46:54	40:60	43:57	52.48

* Figures for the year 2015-16 and 2016-17 are provisional.

[2] The debt equity ratio has been calculated based on formula suggested in Report of Forum of Regulator *i.e.*
Debt : Equity = (Long term debt + Short term debt) ÷ Net worth
Net worth = Equity + Reserve + Accumulated Profit (loss) – Miscellaneous Expenses not written off

Appendix-3.2.3

Statement showing Working results of Tripura State Electricity Corporation Limited during the period from 2012-13 to 2016-17

(Reference: Paragraph 3.2.8.2)

(All figures are in crore except I(d) and I(e) which are in percentage)

Particulars	2012-13	2013-14	2014-15	2015-16*	2016-17*
A. Revenue					
(a) Revenue from operations					
i) Sale of power	316.35	475.70	597.11	663.41	972.33
ii) Revenue Grant from Government of Tripura	40.00	40.00	62.00	69.00	40.00
iii) Income from service connection	3.19	4.75	29.20	3.91	3.56
iv) Prior period income- power sale	0.25	0.00	0.00	0.00	0.00
(b) Other income	0.00	0.00	0.00	0.00	0.00
i) Interest Income	35.76	25.30	25.47	17.71	15.91
ii) Other Income	6.89	11.31	9.70	2.36	2.44
iii) Prior period Income	2.61	2.56	5.07	0.00	0.00
Total income (A)	**405.05**	**559.62**	**728.55**	**756.39**	**1,034.24**
B. Expenditure					
(a) Cost of material consumed (fuel cost)	181.82	194.49	216.66	222.59	144.22
(b) Purchase of Power	156.36	272.39	411.84	452.21	704.56
(c) Employee cost	91.21	101.76	111.76	128.65	130.87
(d) Finance Cost	0.00	0.00	0.08	0.07	5.97
(e) Depreciation (Net Depreciation)	45.26	45.36	18.48	14.82	11.51
(f) Other expenses	37.84	52.35	49.69	34.37	64.67
Total expenditure (B)	**512.49**	**666.35**	**808.51**	**852.71**	**1061.80**
C. Profit before exceptional and extraordinary items (A - B)	-107.44	-106.73	- 79.96	-96.32	-27.56
D. Exceptional items and extraordinary items	0.00	0.00	0.00	0.00	0.00
E. Profit/ (Loss) before tax (C-D)	-107.44	-106.73	- 79.96	-96.32	-27.56
F. Tax expenses	0.00	0.00	0.00	0.00	0.00
G. Profit/ (Loss) for the year (E-F)	**-107.44**	**-106.73**	**- 79.96**	**-96.32**	**-27.56**
H. Accumulated losses	-210.57	-317.30	-227.10	-323.32	-333.33
I. Prior Period Adjustments (+) Income / (-) Loss	**0.00**	**0.00**	**170.16** [3]	**0.00**	**0.00**
(a) Operating Income {A.(i)+A.(ii)+A.(iv)}	356.60	515.70	659.11	732.41	1012.33
(b) Operating Expenditure{B.(a)+B.(b)}	338.17	466.88	628.50	674.80	848.78
(c) Operating Surplus {I.(a) – I.(b)}	18.43	48.82	30.61	57.61	163.55
(d) Operating Surplus to Operating Expense (%) {I.((c) ÷ {I.(b)}	5.45	10.46	4.87	8.54	19.27

* Figures for the year 2015-16 and 2016-17 are provisional.

[3] The prior period adjustment includes ₹ 128.64 crore transferred to Reserve and Surplus as net income not considered during prior period (₹ 128.64 crore) and transfer loans to General Reserve (₹ 41.52 crore)

Appendix-3.2.4

Statement showing power supply position of Tripura

(Reference: Paragraphs 3.2.9, 3.2.10 and 3.2.17)

Figures in Mega Watt (MW)

Year	Peak demand	Peak demand met	Own Capacity [4]						Share of ISGS/CGS	(-) Deficit met from other sources /(+) Surplus available for sale {(c)– (i+j)}
			Installed			In use				
			Number of units	Total capacity	Capacity for Tripura[5]	Number of units	Total capacity	Capacity for Tripura		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
2012-13	229	228	11	131	110	8	110	89	97	(-) 42
2013-14	254	250	12	152	131	7	115	94	122	(-) 34
2014-15	310	266	12	152	131	7	115	94	195	(+) 23
2015-16	300	269	12	152	131	7	115	94	285	(+) 110
2016-17	284	284	12	152	131	7	115	94	385	(+) 195

4 For increase of capacity during a particular year, capacity was considered on pro-rata basis

5 Capacity for Tripura has been derived by deduction 21 MW being 50 per cent of capacity of Baramura Generating Station as the Company has Memorandum of Understating with Manipur and Mizoram whereby 50 per cent of the capacity of the Generation Station is allocated to these State

Appendix-3.2.5

Statement showing loss due to failure to achieve generation target

(Reference: Paragraph 3.2.11)

Plant	2012-13		2013-14		2014-15		2015-16		2016-17	
	Target (MU)	Actual (MU)	Target (MU)	Actual (MU)	Target (MU)	Actual (MU)	Target (MU)	Actual (MU)	Target (MU)	Actual (MU)
Rokhia	404.00	416.44	444.00	450.11	520.00	420.44	640.00	468.80	390.00	435.86
Baramura	310.50	347.29	311.50	274.99	340.00	306.18	420.00	232.89	291.00	189.54
Gomti	50.00	40.04	45.00	34.50	45.00	30.33	82.50	21.99	NA	NA
Total	**764.50**	**803.77**	**800.50**	**759.60**	**905.00**	**756.95**	**1142.50**	**723.68**	**681.00**	**625.40**
Achievement	105%		95%		84%		63%		92%	
Surplus (+)/ shortfall (-) in achievement of target (MU)	(+) 39.27		(-) 40.90		(-) 148.05		(-) 418.82		(-) 55.60	
Revenue saving (+)/ loss (-) (₹ in crore)	(+) 12.45		(-) 11.09		(-) 25.57		(-) 42.57		(-) 12.60	

Appendix-3.2.6

Statement showingstation wise plant availability

(Reference: Paragraph 3.2.12)

(All figures are in hours except Plant availability which is given in percentage)

Particulars	2012-13				2013-14				2014-15				2015-16				2016-17			
	R	B	G	O	R	B	G	O	R	B	G	O	R	B	G	O	R	B	G	O
Possible no. of hours available[6]	35040	17520	17520	70080	26280	17520	17520	61320	26280	17520	17520	61320	26352	17568	17568	61488	26280	17520	17520	61320
Total outages[7]	2600	592	4813	8005	686	3960	4576	9222	3387	860	8861	13108	423	1743	9123	11289	2745	6633	4541	13919
Net Hours available after excluding total outages	32440	16928	12707	62075	25594	13560	12944	52098	22893	16660	8659	48212	25929	15825	8445	50199	23535	10887	12979	47401
Planned outages	0	144	116	260	157	816	0	973	1199	0	0	1199	107	1104	74	1285	1137	0	17	1154
Forced outages[8]	2600	448	4697	7745	529	3144	4576	8249	2188	860	8861	11909	237	639	9049	9925	1543	561	4524	6628
Outages due to Shortage of gas	0	0	0	0	0	0	0	0	0	0	0	0	79	0	0	79	65	6072	0	6137
Plant availability (%)	**93%**	**97%**	**73%**	**89%**	**97%**	**77%**	**74%**	**85%**	**87%**	**95%**	**49%**	**79%**	**98%**	**90%**	**48%**	**82%**	**90%**	**62%**	**74%**	**77%**

R : Rokhia
B : Baramura
G : Gumti
O : Overall

[6] Calculated by multiplying number of operational units with number of days in the financial year. 2015-16 was a leap year

[7] Outages mean stoppage of plant with no generation of electricity, It does not cover cases where plant was working under partial load

[8] Forced outages are unscheduled outages due to unplanned repairs/maintenance of plant, plant being out of order, plant stopped due to grid constraints and other similar constraints, but not including planned outages (scheduled maintenance and outages due to non-availability of gas)

Appendix-3.3.1

Statement showing non-deduction of interest on mobilisation advance

(Reference: Paragraph 3.3)

Name of contractor	RA bill No.	Date	Mobilisation Advance recovered (₹ *in lakh*)	Mobilisation advance lying unrecovered (₹ *in lakh*)	Period for which the amount remained unrecovered		No of days	Interest (12 *per cent* per annum) (₹ *in lakh*)
					From	Till		
M/s Jaypee Projects Limited	1st	21-03-2013	4.69	194.03	29-08-2013	23-09-2013	26	1.66
	5th	24-09-2013	5.31	188.72	24-09-2013	15-12-2013	83	5.15
	6th	16-12-2013	4.00	184.72	16-12-2013	06-01-2014	22	1.34
	7th	07-01-2014	5.00	179.72	07-01-2014	15-03-2014	68	4.02
	8th	14-03-2014	5.00	174.72	14-03-2014	04-05-2014	52	2.99
	9th	05-05-2014	10.00	164.72	05-05-2014	16-06-2014	43	2.33
	10th	17-06-2014	26.00	138.72	17-06-2014	12-08-2014	57	2.60
	11th	13-08-2014	6.00	132.72	13-08-2014	23-09-2014	42	1.83
	12th (Adv.)	24-09-2014	2.50	130.22	24-09-2014	23-12-2014	91	3.90
	12th	24-12-2014	2.50	127.72	24-12-2014	19-04-2015	117	4.91
	14th	20-04-2015	25.00	102.72	---	---	---	---
	15th (Adv.)	20-04-2015	6.00	96.72	20-04-2015	10-08-2015	113	3.59
	15th	11-08-2015	6.00	90.72	11-08-2015	13-10-2015	64	1.91
	16th (Adv.)	14-10-2015	5.00	85.72	14-10-2015	11-01-2016	90	2.54
	17th (Adv.)	12-01-2016	30.00	55.72	12-01-2016	18-04-2016	98	1.80
	17th	19-04-2016	10.00	45.72	19-04-2016	09-05-2016	21	0.32
	18th (Adv.)	10-05-2016	45.72	Nil	Nil	Nil	Nil	Nil
	Total							**40.87**
M/s Swapan Ch De	1st & 2nd (Adv)	14-08-2015 09-03-2016	89.85	160.15	16-06-2016	18-09-2016	95	5.00
	2nd	19-09-2016	50.00	110.15	19-09-2016	27-02-2017	162	5.87
	4th (Adv)	28-02-2017	110.15	Nil	Nil	Nil	Nil	Nil
	Total							**10.87**
Grand Total								**51.74**

Appendix-4.3.1

Statement showing number of works not taken up by the Implementing Agencies due to shortage of fund, non finalisation of site and delay in sanction of estimates

{Reference: Paragraph 4.3.7.1}

(₹in lakh)

District	Name of Implementing Agency	Name of work	Estimated Cost	Fund placed	Expenditure incurred	Date of approval	Date of issue of work order	Remarks
South Tripura	EE, RD Satchand Division	Deep bore well with 2 HP submersible Motor connected with pipe line approx 150 mtr up to water storage tank at Magroom, Bandarkup, MC para, Gharga Basti	12.34	12.00	9.00	03-11-15	14-02-17	RD materials booked on 26-03-15.
Unakoti	EE, RD Kumarghat Division	Installation of IRP with RO plant at village of NC para under Chandipur RD Block	9.95	8.00	5.00	16-03-16	23-03-16	RD materials booked on 26-03-15.
Unakoti	EE, RD Kumarghat Division	Installation of IRP with RO plant at village of Samrurcherra under Chandipur RD Block	9.95	8.00	5.00	16-03-16	23-03-16	RD materials booked on 26-03-15.
West Tripura	EE, RD Agartala Division	Seating of VLW store at West Jarulbachai	15.00	5.00	5.00	Not available	23-03-15	Delay in finalisation of site
West Tripura	EE, RD Agartala Division	Construction of Community hall at Madhuban Kathaltali HS School	54.46	40.00	23.88	Not available	28-01-15	Delay in finalisation of site
West Tripura	EE, RD Agartala Division	Construction of HSC at West Jarulbachai	Not available	17.94	6.24	Not available	11-03-15	Work could not be started due to delay in finalisation of site
West Tripura	EE, RD Agartala Division	Construction of HSC at Madhuban	Not available	17.94	4.88	Not available	20-08-16	Delay in finalisation of site
West Tripura	EE, RD Agartala Division	Construction of 10 unit market stall for livelihood of unemployed youth at Tarapur Chowmuhani	Not available	15.62	7.83	Not available	20-01-16	Site not finalised

Appendix-4.3.1 (contd..)

Statement showing number of works not taken up by the Implementing Agencies due to shortage of fund, non finalisation of site and delay in sanction of estimates

{Reference: Paragraph 4.3.7.1}

(₹ in lakh)

District	Name of Implementing Agency	Name of work	Estimated Cost	Fund placed	Expenditure incurred	Date of approval	Date of issue of work order	Remarks
West Tripura	EE, RD Agartala Division	Construction of market stall at Kalitilla Bazar	Not available	15.78	6.90	Not available	Not available	Site not finalised
Unakoti	BDO, Gournagar	Const. of Irani BLW store under Khowrabil GP (Ph- 1)	10.35	10.35	7.27	18-11-15	23-02-16	Site dispute
West Tripura	EE, RD Agartala Division	Constn of HSC at Chowmuhani bazar and purchase of furniture and other equipments for Chowmuhani new HSC	Not available	25.10	Nil	Not available	Not issued	Site not handed over
Unakoti	BDO, Chandipur	Const. of Open Community Hall at Dalugaon Market	3.59	3.59	Nil	23-03-16	21-01-17	Land dispute
West Tripura	EE, RD Agartala Division	Creation of new tourist centre at Bagbari lake under Lembucherra GP	Not available	13	Nil	Not available	Not available	Site not finalised
West Tripura	BDO, Dukli	Const. of Waiting hall near Kanchanmala DRA Camp	7.00	7.00	Nil	Not available	Not available	Work site not available
West Tripura	BDO, Dukli	Const. of Waiting hall near Baganbari DRA Camp and sinking of Sub-mersible pump near Amtali PS Complex	9.10	9.10	Nil	Not available	Not available	Work site not available
West Tripura	BDO, Dukli	Const. of Waiting hall near Maheshkhola DRA Camp	7.00	7.00	Nil	Not available	Not available	Work site not available
West Tripura	EE, RD Agartala Division	Construction of additional class room at Laxmicherra Ramkrishna HS School	Not available	20.00	4.39	Not available	28-12-16	Work site not available

Appendix-4.3.1 (contd..)

Statement showing number of works not taken up by the Implementing Agencies due to shortage of fund, non finalisation of site and delay in sanction of estimates

{Reference: Paragraph 4.3.7.1}

(₹ in lakh)

District	Name of Implementing Agency	Name of work	Estimated Cost	Fund placed	Expenditure incurred	Date of approval	Date of issue of work order	Remarks
West Tripura	EE, RD Agartala Division	Construction of additional class room cum hall at Patunagar High School	Not available	15.00	2.06	Not available	16-01-17	Work site not available
South Tripura	EE, RD Santirbazar Division	Construction of Community hall at Dakshin Rajnagar GP (2nd phase)	40.00	40.00	Nil	22-08-16	Not available	Estimate not yet technically sanctioned
West Tripura	EE, RD Agartala Division	Construction of waiting hall at Belabar GP	Not available	20.00	Nil	Not available	Not available	Estimate not yet technically sanctioned
West Tripura	EE, RD Agartala Division	Sinking of MDTW at Shankhola Bazar under TSR camp & installation of solar system of Surendranagar Girls Hostel, Shankhola Tahashil Office near TSR camp and Block HQ	Not available	10	Nil	Not available	Not available	Estimate not yet prepared
West Tripura	EE, RD Agartala Division	Fruit processing industry at Laxmilunga	Not available	21	Nil	Not available	Not available	Estimate under preparation
Unakoti	BDO, Kumarghat	Const. of Over Head Tank at Kalatilla BOP	14.83	15.00	Nil	28-11-14	02-03-15	Due to non-availability of ground water source
Unakoti	BDO, Kumarghat	Const. of 2 nos. Ground Water Tank with Pipeline including necessary fitting at BOP Kalatilla	Not available			28-11-14	02-03-15	Due to non-availability of ground water source
Unakoti	BDO, Kumarghat	Const. of 2 nos. Water Tank Filter for drinking prupose at BOP Kalatilla	Not available			28-11-14	02-03-15	Due to non-availability of ground water source

Appendix-4.3.1 (contd.)

Statement showing number of works not taken up by the Implementing Agencies due to shortage of fund, non finalisation of site and delay in sanction of estimates

{Reference: Paragraph 4.3.7.1}

(₹in lakh)

District	Name of Implementing Agency	Name of work	Estimated Cost	Fund placed	Expenditure incurred	Date of approval	Date of issue of work order	Remarks
Unakoti	BDO, Kumarghat	Sinking of Mini Deep Tubewell including installation of 3.0 HP Submersible pump at Kalatilla	3.68	3.68	Nil	28-11-14	02-07-15	Due to non-availability of ground water source
West Tripura	EE, RD Agartala Division	Constn of additional class room at sarat Chowdhury SB school	Not available	17	Nil	Not available	04-01-17	Not available
West Tripura	EE, RD Agartala Division	Constn of additional class room at Dargamura High School	Not available	17	Nil	Not available	09-01-17	Not available
Unakoti	BDO, Kumarghat	Const. of 2 nos. Additional Classroom in Sunaimuri GP	11.51	11.51	Nil	24-10-16	30-11-16	Not available
West Tripura	BDO, Hezamara	Const. of Public Toilet and sanitation, Drinking water facilities (man & woman) under Sonaram Village	4.09	4.09	Nil	Not available	Not available	Not available
West Tripura	BDO, Hezamara	Const. of Toilet (three unit) bathroom (one unit) with OHP at RK Para	8.00	8.00	Nil	Not available	Not available	Not available
West Tripura	BDO, Hezamara	Const. of Gallery at Surendranagar High School	7.50	7.50	Nil	Not available	Not available	Not available

Appendix-4.3.1 (concld.)

Statement showing number of works not taken up by the Implementing Agencies due to shortage of fund, non finalisation of site and delay in sanction of estimates

{Reference: Paragraph 4.3.7.1}

(₹ in lakh)

District	Name of Implementing Agency	Name of work	Estimated Cost	Fund placed	Expenditure incurred	Date of approval	Date of issue of work order	Remarks
West Tripura	BDO, Hezamara	Const. of Ramp for disabled persons at Block near Quarter CDPO Office, Forest Office and 3 Nos. (Surendranagar, Barkathal & Chachu) HS School under Hezamara RD Block	4.30	4.30	Nil	Not available	Not available	Not available
West Tripura	BDO, Bamutia	Const. of ARDD Sub-centre including barbed wire fencing at Lembucherra GP	12.35	12.35	Nil	Not available	Not available	Not available
West Tripura	BDO, Bamutia	Const. of Water Conservation Bundh for Irrigation at Bagbari under Lembucherra GP	4.05	4.05	Nil	Not available	Not available	Not available
West Tripura	BDO, Dukli	Internal electrification of Anandanagar HS School & Moloynagar JB School	6.65	6.65	Nil	Not available	Not available	Not available
West Tripura	BDO, Dukli	Construction of kitchen shed near NabaPrantik Orphanage Madhuban	8.08	10.00	Nil	Not available	Not available	Not available
West Tripura	BDO, Dukli	Construction of sitting gallary & creation of volley ball post at Amtali HS School	5.00	5.00	Nil	Not available	Not available	Not available
West Tripura	BDO, Dukli	Construction of 10 Nos. additional room near 10 nos AWC	18.80	18.80	Nil	Not available	Not available	Not available
Total:		**39 works**		**486.35**	**87.45**			

Appendix-4.3.2

Statement showing works against which FIR was lodged

{Reference: Paragraph 4.3.7.3 (i)(A)}

(₹in lakh)

Sl. No.	Name of the Work	Estimated cost	Advance given to IO	
			Cheque No. and date	Amount
1	Construction of brooder house at Pancharatan VC	14.11	452427 Dated 6-5-16	4.90
2	Construction of Market stall at Pancharatan bazaar	14.97	452418 & 452419 Dated 12-4-16	7.14
3	Construction of Kishan hut near Wanasa Para	2.05	452419 Dated 12-4-16	2.45
4	Construction of Kishan hut near BR Para	2.05		
5	Construction of Kishan hut near Jenerai para	2.05		
6	Construction of Kishan hut near J C Para	2.05		
7	Construction of market shed at Old Bhagirath para in/c site development	5.00	242418 Dated 12-4-16	1.93
8	Construction of market stall at new Bhagirath para in/c site development	7.81	452418 & 452419 Dated 12-4-16	3.63
Total		**50.09**		**20.05**

Appendix-4.3.3

Statement showing works against which advances given to IO was suspected to be misappropriated

{Reference: Paragraph 4.3.7.3 (i)(B)}

(₹ in lakh)

Sl. No.	Name of the Work	Name of IO	Estimated cost	Advance given to IO		Remarks
				Cheque No. & date	Amount	
1	Formation of road from Bhagirath para road to Jenerai para FY 14-15	Dilip Kr. Debbarma, TA	12.12	247464 Dated 10-4-15	11.65	During joint physical verification (15 June 2017) works were not physically found.
2	Construction of Community Toilet (SBM design) near Gandacherra BSF Camp FY 15-16	Rati Ranjan Debbarma, WA	0.50	452413 Dated 06-04-16	0.28	
3	Construction Of Community Toilet (SBM design) near Dhalajhari VC Office - 2 units		1.65	452413 Dated 06-04-16	0.82	
4	Construction Of Community Toilet (SBM design) near Kalajhari VC Office - 2 units					
5	Construction Of Community Toilet (SBM design) near Sarma VC Office - 2 units					
6	Construction Of Community Toilet (SBM design) near Pancharatan VC Office - 2 units					
7	Construction of community toilet (SBM design) near B R Para VC office (2 units)					
8	Construction of brooder house at J B Para VC 15-16		14.11	452413 Dated 6-4-16	5.36	Incomplete and left abandoned
Total			**28.38**		**18.11**	

Appendix-4.3.4

Statement showing details of projects taken up without baseline survey and proper planning

{Reference: Paragraph 4.3.7.3 (iv)}

District	Implementing agency	Name of project	Date of completion	Expenditure incurred (₹ *in lakh*)	Remarks
West Tripura	EE, RD Agartala Division,	Market stall at Nutannagar (9 units)	NA	15.00	Construction of 12 markets/ sheds were completed at a cost of ₹ 1.40 crore but not allotted till date of audit to the beneficiaries to enhance their livelihood. Reasons for non-allotment of the market stalls to the beneficiaries were not found on record. Thus, due to non-allotment of the aforesaid 12 markets constructed at a cost of ₹ 1.40 crore border peoples could not generate employment from it to enhance their livelihood and the whole expenditure became unfruitful.
		Market stall at Lankamura (10 units)	Nov-15	15.00	
		Agri market stall at Kathaltali Bazar (10 units)	NA	15.00	
		Double storied market stall at Nutannagar (10 units)	NA	7.60	
	BDO, Dukli RD Block	Market stalls (5 units) at Kathaltali Bazar under Madhuban GP	18-02-2014	2.39	
		Market stalls (9 units) at Kathaltali Bazar under Madhuban GP	20-04-2015	6.82	
South Tripura	BDO, Rajnagar RD Block	5 rooms unemployed shed adjacent to Radhanagar HS School under South Radhanagar GP	16-01-2014	13.41	
		Open market shed at South Radhanagar Bazar under Dakshin Radhanagar GP	08-09-2013	10.53	
		5 rooms unemployed shed at Rangamura Old Market under Rangamura GP	17-02-2014	12.90	
		4 rooms unemployed shed at Bairabnagar Para under North Srirampur GP	20-01-2013	10.82	

Appendix-4.3.4 (contd…)

Statement showing details of projects taken up without baseline survey and proper planning

{Reference: Paragraph 4.3.7.3 (iv)}

District	Implementing agency	Name of project	Date of completion	Expenditure incurred (*₹ in lakh*)	Remarks
South Tripura	BDO, Hrishyamukh RD Block	Construction of 8 Room Market Stall at Ratanpur	11-04-2016	21.93	
		Construction of Market Stall at Megharam Bari Under Shibpur ADC village	05-12-2016	8.95	
West Tripura	Dukli RD Block	Sinking of MDTW for irrigation purpose near the paddy land of Jaya Dasgupta at Charipara	Sep-15	6.06	Physical verification (February 2017) revealed that there was no power connection
Unakoti	Gournagar RD Block	Sinking of two Mini Deep Tube Well (MDTW) with pump house including installation of 2 HP submersible pump motor- one in the Latiapura BOP under Latiapura GP and another in the Magruli BOP under Magruli GP	Mar-15	4.50	Physical verification (May 2017) revealed that there was no extension of pipe line, installation of panel board and power connection at Latiapura and Magruli. Overhead tank at Golakpur was not functioning due to non availability of power connection.
		Construction of overhead tank and pipe line at Golokpur	July 2013	7.50	
South Tripura	EE, RD Satchand Division	Construction of building for old age home at Rupaichari	27 June 2016	29.87	The old age home was not made functional till date of audit (April 2017) as there was no power connection, furniture and utensils in the building. Moreover the building was not surrounded by boundary wall/ fencing for security of the inmates.

Appendix-4.3.4 (concld.)

Statement showing details of projects taken up without baseline survey and proper planning

{Reference: Paragraph 4.3.7.3 (iv)}

District	Implementing agency	Name of project	Date of completion	Expenditure incurred (₹ in lakh)	Remarks
Unakoti	EE, RD Kumarghat Division	Construction of community halls at Sonarpur under Khowrabil GP	Sep-14	7.00	Joint physical verification (22 May 2017) revealed that both the community hall was left abandoned.
		Construction of Primary Maktab near the house of Kamal Khan at Kalerkandi	Nov-14	12.00	Joint physical verification (22 May 2017) revealed that the primary maktab was left abandoned.
		Construction of home for Palliative care for terminary ill cancer patient at Rajib Gandhi Memorial (RGM) Hospital, Kailasahar	Nov-15	23.38	The building was not handed over to the user department till May 2017. Joint physical verification (23 May 2017) revealed that the building was lying idle and uncared. Thus, building constructed for palliative care for terminally ill cancer patient was not utilised for the intended purpose.
Total:				**230.66**	

Appendix-4.3.5

Statement showing list of non-permissible works executed under BADP

{Reference: Paragraph 4.3.7.3 (vii)}

Sl. No.	Name of work	District	Name of I.A.	Sanctioning Year	Estimated cost (₹ in lakh)	Expenditure incurred (₹ in lakh)	Status of work	Date of completion
1	Construction of Barrack cum open shed at BOP Nischintapur	West Tripura	EE, RD Agartala Division	2014-15	11.48	11.48	Completed	July 2015
2	Construction of 50 mtr Boundary Wall for BOP Nischintapur		BDO, Dukli	2015-16	4.03	4.03	Completed	NA
3	Construction of 2 IC Room at Nischintapur BOP			2015-16	6.84	6.84	Work in progress	
4	Construction of fishery assistant office at I.C. Nagar			2011-12	8.68	8.68	Completed	NA
5	Construction of extension of 100 mtr boundary wall at Nischantapur BOP			2015-16	6.44	6.44	Work in progress	
6	Construction of Concrete Bunker (Morcha) at Nischintapur BOP			2014-15	6.36	6.36	Completed	NA
7	Construction of Toilet block with pipeline at Bamutia BOP, Bhagalpur BOP, Durgabari BOP, Tebaria BOP		BDO, Bamutia	2014-15	5.00	1.75	NA	NA
8	Construction of drinking water reservoir and toilet block at Bamutia BOP			2014-15	4.32	4.32	Completed	16/07/2015
9	extension of pipe line for drinking water purpose including providing 1 sintex tank at Bamutia BOP			2015-16	1.32	1.32	Completed	04/06/2016

Appendix-4.3.5 (contd.)

Statement showing list of non-permissible works executed under BADP

{Reference: Paragraph 4.3.7.3 (vii)}

Sl. No.	Name of work	District	Name of I.A.	Sanctioning Year	Estimated cost (₹ in lakh)	Expenditure incurred (₹ in lakh)	Status of work	Date of completion
10	construction of 4 nos rain water shelter in Bhagalpur BOP			2015-16	4.87	4.87	Completed	NA
11	Construction of toilet (3 unit), bathroom (1 unit) with OHP at Daigyabari BOP		BDO, Hezamara RD Block	2014-15	4.93	4.76	Completed	NA
12	Barbed wire fencing at BOP R K Para under Sarat Chowdhury Para			2014-15	6.99	6.74	Completed	NA
13	Construction of toilet (3 Unit) with OHP at BOP N C Para (now Khan Para)			2015-16	4.97	4.68	Completed	NA
14	Construction of cyclone shelter at Daigyabari BOP and R K Para BOP (1st phase)			2015-16	5.00	4.78	Completed	NA
15	Construction of toilet (3 unit) and bathroom (1 unit) with OHP at R K Para BOP			2016-17	8.00	00	Work in progress	
16	Construction of 3 nos. pucca cook house at BOP Harinakhola, BOP Kalkalia and BOP Krishnanagar		BDO, Mohanpur	2014-15	6.00	6.00	Completed	NA
17	Construction of Brick Solling at BOP Harinakhola			2015-16	2.02	2.00	Completed	NA
18	Construction of Brick Solling at BOP Krishnanagar			2015-16	0.96	0.87	Completed	NA
19	Construction of Brick Solling at BOP Kalkalia			2015-16	3.47	3.47	Completed	NA

Appendix-4.3.5 (contd.)

Statement showing list of non-permissible works executed under BADP

{Reference: Paragraph 4.3.7.3 (vii)}

Sl. No.	Name of work	District	Name of I.A.	Sanctioning Year	Estimated cost (₹ in lakh)	Expenditure incurred (₹ in lakh)	Status of work	Date of completion
20	Construction of Chain Link Barbed wire fencing at BOP Sidhai			2015-16	5.24	5.24	Completed	NA
21	Construction of pucca cook house at BOP Mohanpur	West Tripura	BDO, Mohanpur	2016-17	2.00	1.96	Work in progress	
22	Construction of Big Toilet at BOP Mohanpur			2016-17	1.25	1.25	Work in progress	
23	Construction of Big Toilet at BOP Sidhai			2016-17	1.25	1.25	Work in progress	
24	Construction of Big Toilet at BOP Bijoynagar			2016-17	1.25	1.25	Work in progress	
25	Construction of Gol Ghar at BOP Bijoynagar			2016-17	1.00	1.00	Work in progress	
26	Construction of Gol Ghar at BOP Sidhai			2016-17	1.00	1.00	Work in progress	
27	Providing Rain Water harvesting plants at BOP Radhanagar	South Tripura	BDO, Rajnagar RD Block	2014-15	5.10	5.10	Completed	24/09/2016
28	Providing Rain Water harvesting plants at BOP G K Para			2014-15	5.10	5.10	Completed	06/05/2016
29	Const. of Deep bore tube well at BOP Dimatali under Rajnagar GP			2014-15	5.00	5.00	Completed	06/05/2016

Appendix-4.3.5 (contd.)

Statement showing list of non-permissible works executed under BADP

{Reference: Paragraph 4.3.7.3 (vii)}

Sl. No.	Name of work	District	Name of I.A.	Sanctioning Year	Estimated cost (₹ in lakh)	Expenditure incurred (₹ in lakh)	Status of work	Date of completion
30	Providing Rain Water harvesting plants at BOP Dimatali			2014-15	5.10	5.10	Completed	26/09/2016
31	Providing Rain Water harvesting plants at BOP Rangamura			2014-15	5.10	5.10	Completed	06/05/2016
32	Construction of deep bore tube well with 2 HP submersible motor and over head storage tank at BOP Chhotakhil		BDO, Satchand RD Block	2014-15	2.92	2.92	Completed	30/10/2015
33	Providing and installation of Iron removal plant (IRP) in/c installation of motor pump at BOP N C Para	Unakoti District	BDO, Chandipur	2014-15	17.51	17.51	Work in progress	
34	Providing and installation of Iron removal plant (IRP) in/c installation of motor pump at BOP Halambari			2014-15			Work in progress	
35	Sinking of Mini Deep Tube Well with pump house in/c installation of 2 HP submersible pumps motor in the Latiapura BOP under Latiapura G/P.		BDO, Gournagar	2014-15	2.22	2.25	Completed	02/03/2015
36	Sinking of Mini Deep Tube Well with pump house in/c installation of 2 HP submersible pump motor in the Maguruli BOP under Maguruli G/P.			2014-15	2.22	2.25	Completed	02/03/2015

Appendix-4.3.5 (concld.)

Statement showing list of non-permissible works executed under BADP

{Reference: Paragraph 4.3.7.3 (vii)}

Sl. No.	Name of work	District	Name of I.A.	Sanctioning Year	Estimated cost (₹ *in lakh*)	Expenditure incurred (₹ *in lakh*)	Status of work	Date of completion
37	Construction of 2 Nos. Kishan shed at BOP Rajkandi	Unakoti District	BDO, Kumarghat RD Block	2014-15	4.43	4.40	Completed	05/10/2015
38	Construction of boundary wall and half grill around the Panchayat Office at Laljuri			2015-16	6.55	6.46	Completed	NA
39	Const. of boundary wall for Panchayat Office at Ganganagar GP	Unakoti District	BDO, Kumarghat RD Block	2015-16	7.69	7.68	Completed	NA
40	Construction of boundary wall at Rajkandi ADC Village Office			2015-16	6.76	6.64	Completed	10/03/2017
41	Construction of Toilet, Bathroom and Stair Case at Tarakpur BOP	North Tripura District	BDO, Kadamtala	2015-16	5.00	5.00	Completed	NA
42	Extension of drinking water pipeline at BSF Camp of Ranibari, Brajendranagar and Yakubnagar			2015-16	11.77	11.77	Completed	NA
43	Sinking of Mini Depp Tube Well with pipeline at Kulidhar BSF Camp			2015-16	7.00	7.00	Completed	NA
Total					**214.14**	**201.62**		

Appendix-4.3.6

Statement showing number of works suspended due to shortage of fund, non availability of site

{Reference: Paragraph 4.3.7.3 (viii)}

(₹ in lakh)

Name of District	Name of Implementing Agency	Name of work	Estimated cost	Fund received	Expenditure incurred	Date of issue of W/O	Status of work
West Tripura	Executive Engineer, RD Agartala Division	Construction of community hall at Hapania under Dukli RD Block.	130.00	37.50	37.00	December 13	Work was stranded in March 2016 after casting of one side of varandha due to shortage of fund.
South Tripura	Executive Engineer, RD Satchand Division	Const. of School Building at South Bhuratali HS School	20.94	17.00	17.00	April 15	Work stranded in March 2016 due to non-availability of fund
		Const. of Community Hall at Chalitachari	76.75	35.00	35.00	December 13	Work suspended in August 2014 after completion upto superstructure due to shortage of fund.
Unakoti	Executive Engineer, RD Kumarghat Division	Construction of Auditorium for Ambedkar College at Fatikroy	53.48	40.00	40.00	October 2013	Work stranded in March 2016 after completion upto 60 *per cent* of the work due to shortage of fund.
Total			**281.17**	**129.5**	**129.00**		

Appendix-4.5.1

Statement showing short realisation of interest and penalty

(Reference: Paragraph 4.5)

(in ₹)

Sl. No	Year	2009-10	2010-11	2011-12
	Applicable Tax rate (in *per cent*)	**12.5**	**12.5**	**13.5**
1	Turn Over Determined	41,20,266	42,05,757	48,26,529
2	Tax payable	5,15,033	5,25,720	6,51,581
3	Less - Tax paid by Challan	50,000	89,500	2,61,000
4	Balance Tax due	4,65,033	4,36,220	3,90,581
5	Interest leviable @ 1.5 *per cent* per month upto the date of assessment (30th August 2012) U/S 25(1) (in months)	1,95,314 (28)	1,04,693 (16)	23,435 (4)
6	Penalty leviable @ 150 *per cent* U/S 75(A) as per Revisional Authority orders (29th January 2016)	6,97,550	6,54,329	5,85,872
7	Less - Penalty imposed by AA @ 10 *per cent* in the re-assessment (29th February 2016)	46,503	43,622	39,058
8	Short realisation of penalty (Sl. 6 – Sl. 7)	6,51,047	6,10,707	5,46,814
9	Short realisation (Interest + Penalty) (Sl. 5 + Sl. 8)	8,46,361	7,15,400	5,70,249
	Total short realisation of revenue	**21,32,010**		

Appendix-4.6.1

Statement showing short levy of VAT, interest and penalty due to concealment/escapement of purchase turnover by the dealers

(Reference: Paragraph 4.6)

(₹ in lakh)

Sl. No.	Name of the dealer	TIN	Period of assessment	Date of assessment	Turnover concealed	Short levy			Total	Remarks
						VAT	Interest	Penalty		
The Superintendent of Taxes, Charge III, Agartala										
1	M/s Raj Mahal	16031177064	2011-12	31-08-2015	19.58 (13.5 %)	2.64	1.58	0.26	4.48	AA has stated that the case was forwarded to the Commissioner of Taxes for review u/s 70(1) of the TVAT.
Sub Total						**2.64**	**1.58**	**0.26**	**4.48**	
The Superintendent of Taxes, Charge V, Agartala										
2	M/s Eastern Commerce	16052029034	2010-11	17-02-2016	6.75 (4 %)	0.27	3.58	----	7.69	-do-
					3.84 (12.5 %)	0.48				
					----	3.36[9]				
3	M/s B. Choudhury & Co.	16050789044	2011-12	23-11-2015	14.20 (13.5 %)	1.92	1.24	0.19	3.35	-do-
Sub Total						**6.03**	**4.82**	**0.19**	**11.04**	
The Superintendent of Taxes, Charge VII, Agartala										
4	M/s Bharat Petroleum Corporation Limited	16170190087	2011-12	24-08-2016	10.48 (22 %)	2.31	1.80	0.23	4.34	-do-
Sub Total						**2.31**	**1.80**	**0.23**	**4.34**	

Note: Interest calculated @ 1.5 *per cent* pm for the period VAT was not deposited.

[9] While calculating VAT already paid by the dealer in the assessment order, the AA had taken the amount two times thereby giving undue tax benefit to that extant

Appendix-4.6.1 (concld.)

Statement showing short levy of VAT, interest and penalty due to concealment/escapement of purchase turnover by the dealers

(Reference: Paragraph 4.6)

(₹ in lakh)

Sl. No.	Name of the dealer	TIN	Period of assessment	Date of assessment	Turnover concealed	Short levy			Total	Remarks
						VAT	Interest	Penalty		
The Superintendent of Taxes, Bishalgarh										
5	M/s Abul Hashem	16130012081	2013-14	19-04-2016	51.87 (13.5 %)	7.00	5.10	----	19.27	AA has stated that the case was forwarded to the Commissioner of Taxes for review u/s 70(1) of the TVAT. As of September 2017, ₹ 80,670 (₹ 36,425 + ₹ 41,895 + ₹ 1,093 +₹ 1,257) had been recovered.
					49.45 (14.5 %)	7.17				
			2014-15		166.76 (14.5 %)	24.18	4.35	----	28.53	
Sub Total						**38.35**	**9.45**	**----**	**47.80**	
Grand total						**49.33**	**17.65**	**0.68**	**67.66**	

Note: Interest calculated @ 1.5 *per cent* pm for the period VAT was not deposited.

Appendix-4.6.2

Statement showing calculation of interest

(Reference: Paragraph 4.6)

(₹ in lakh)

Sl. No.	Name of dealer	Tax payable	Under Section	Due from	Date of assessment	Total period (in month)	Interest to be levied
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*
The Superintendent of Taxes, Charge III, Agartala							
1	M/s Raj Mahal	2.64	25 (1)	05/12	31-08-2015	40	1.58
The Superintendent of Taxes, Charge V, Agartala							
2	M/s Eastern Commerce	4.11	25 (1)	05/11	17-02-2016	58	3.58
3	M/s B. Choudhury & Co.	1.92	25 (1)	05/12	23-11-2015	43	1.24
The Superintendent of Taxes, Charge VII, Agartala							
4	M/s Bharat Petroleum Corporation Ltd.	2.31	25 (1)	05/12	24-08-2016	52	1.80
The Superintendent of Taxes, Bishalgarh							
5	M/s Abul Hashem	14.17	25 (1)	05/14	19-04-2 016	24	5.10
		24.18		05/15		12	4.35
Total		**49.33**					**17.65**

Note: Interest calculated @ 1.5 *per cent* pm for the period VAT was not deposited.

Appendix-5.2.1

Statement showing the forest cover based on Forest Survey of India biennial Report

(Reference: Paragraph 5.2.4.1)

(Area in sq km)

Year	Very Dense Forest (Above 70 %)	Dense Forest (10-40%)	Open Forest (10-40 %)	Scrub (below 10%)	Total
2011	109	4,686	3,182	72	8,049
2013	109	4,641	3,116	66	7,932
Change	**0**	**-45**	**-66**	**-6**	**-117**
2015	113	4,609	3,089	55	7,866
Change	**4**	**-32**	**-27**	**-11**	**-66**

GLOSSARY

Abbreviation	Full form
RTE	Right of children to Free and Compulsory Education (RTE) Act, 2009
SSA	Sarva Shiksha Abhiyan
TTAADC	Tripura Tribal Area Autonomous District Council
PA	Performance Audit
SPD	State Project Director
SCERT	State Council of Educational Research and Training
BRC	Block Resource Coordinator
URC	Urban Resource Coordinator
DIET	District Institutes of Education and Training
MHRD	Ministry of Human Resource Development
PAB	Project Approval Board
DFPRT	Delegation of Financial Power Rules, Government of Tripura
DISE	District Information System for Education
U-DISE	Unified District Information System for Education
NCERT	National Council of Educational Research and Training
AWP&B	Annual Work Plan & Budget
SMC	School Management Committee
UEE	Universalisation of Elementary Education
OOSC	Out-Of-School Children
TET	Teacher Eligibility Test
CAL	Computer Aided Learning
EOI	Expression of Interest
WAB	Work Advisory Board
TSR	Tripura State Rifle
NLCPR	Non Lapsable Central Pool of Resources
GSB	Granular Sub Base
WBM	Water Bound Macadam
BM	Bituminous Macadam
PMC	Premix Carpeting
SSC	Sand Seal Coat
SPA	Special Plan Assistance
MMSCM	Million Metric Standard Cubic Metre
MMSCMD	Million Metric Standard Cubic Metre per day
MNRE	Ministry of New and Renewable Energy
MOU	Memorandum of Understanding
MU	Million Units or 1 GWh
MW	Megawatt
MWh	Mega Watt hour (1 MWh = 1,000 kWh)
NEEPCO	North Eastern Electric Power Corporation Limited
NHPC	National Hydroelectric Power Corporation
NTPC	National Thermal Power Corporation
OEM	Original Equipment Manufacturer

ONGC	Oil and Natural Gas Corporation
OTPC	ONGC Tripura Power Company
OTS	One Time Settlement
PA	Performance Audit
Ph	Phase
PLF	Plant Load Factor
PMG	Permanent Magnet Generator
PPA	Power Purchase Agreement
PSU	Public Sector Undertaking
RAPDRP	Restructured Accelerated Power Development and Reforms Programme
RCE	Revised Cost Estimates
RE	Renewable Energy
REA	Regional Energy Accounting
ROC	Registrar of Companies
RPO	Renewable Purchase Obligations
RTU	Remote Terminal Units
SAP	Systems Applications Products
SBM	Spot Billing Machines
SCM	Standard Cubic Metre
SLDC	State Load Despatch Centre
T&D	Transmission and Distribution
TERC	Tripura Electricity Regulatory Commission
TGBPP	Tripura Gas Based Power Project
TPGL	Tripura Power Generation Limited
UI	Unscheduled Interchange
w.e.f	With Effect From
IMFL	India Made Foreign Liquor
ENA	Extra Neutral Alcohol
BL	Bulk Litre
LPL	London Proof Litre
BWH	Bonded Warehouse
MRF	Minimum Reserve Fee
NEC	Non-Execution Certificate
TSICL	Tripura Small Industries Corporation Limited
BADP	Border Area Development Programme
RD	Rural Development
SLSC	State Level Screening Committee
AAP	Annual Action Plan
BGF	Border Guarding Force
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
BDO	Block Development Officer
BOP	Border Out Post
IHHL	Indian House Hold Latrine

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