



सत्यमेव जयते

REPORT
OF THE
COMPTROLLER AND
AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 1993

GOVERNMENT OF TRIPURA

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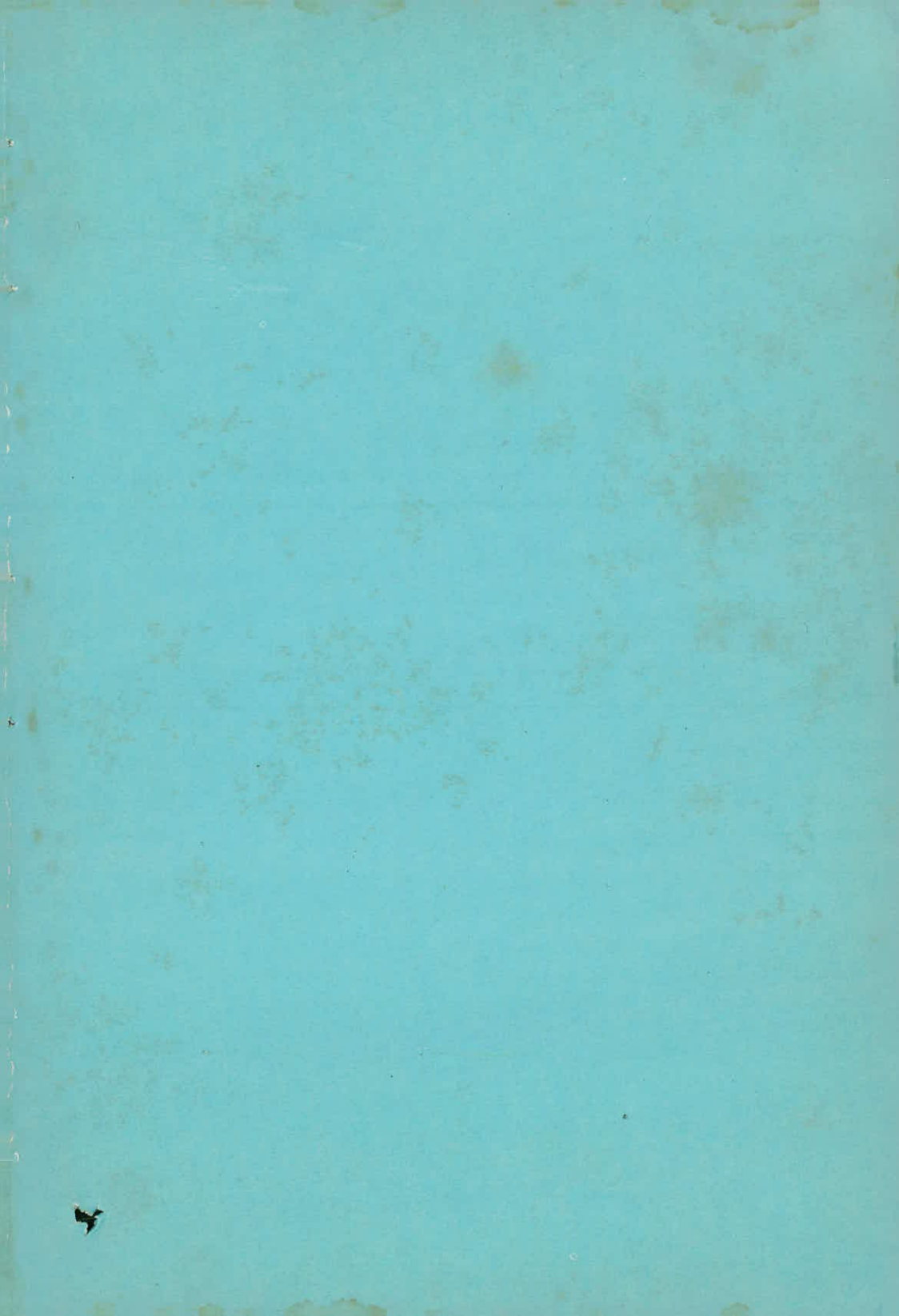
PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151(2) of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1992-93 together with other points arising from audit of financial transactions of the Government of Tripura. It also includes certain points of interest arising from the Finance Accounts for the year 1992-93.

2. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 1992-93 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1992-93 have also been included, wherever necessary.



OVERVIEW



OVERVIEW

This Report includes two Chapters on the State's Finance and Appropriation Accounts for the year 1992-93 and five other Chapters, comprising 8 Audit Reviews and 26 paras emerged from the audit of financial transactions including revenue receipts and commercial and trading activities of the Government of Tripura. A synopsis of the important points noticed during audit is given in the paras as follows:

1. Accounts of the State Government

—The assets of the State Government increased by 65 per cent from Rs. 637.42 crores in 1988-89 to Rs. 1,049.62 crores in 1992-93; however, the liabilities registered steep increase from Rs. 345.09 crores to Rs. 688.11 crores, an increase of 99 per cent during the same period.

(Paragraph 1.2.2)

—The revenue receipts of the State Government increased from Rs. 395.62 crores in 1988-89 to Rs. 604.11 crores in 1992-93. The rate of growth in total revenue receipts was 53 per cent over 1988-89, while revenue from State's own resources increased by 62 per cent during these years. On the other hand, the revenue expenditure of the State Government rose from Rs. 380.52 crores in 1988-89 to Rs. 550.13 crores in 1992-93 registering an increase of 45 per cent. Plan revenue expenditure as a percentage of total revenue expenditure declined from 34 per cent in 1988-89 to 29 per cent in 1992-93. While Plan revenue expenditure increased by 24 per cent between 1988-89 and 1992-93, non-Plan revenue expenditure registered a sharp increase of 55 per cent during the same period.

(Paragraph 1.2.4 & 1.2.6)

—Tax revenue raised by the State Government grew by 84 per cent from Rs. 18.36 crores in 1988-89 to Rs. 33.74 crores in 1992-93. Collection from non-tax revenue grew by 36 per cent from Rs. 15.68 crores in 1988-89 to Rs. 21.35 crores in 1992-93.

(Paragraph 1.2.4)

—Assistance to local bodies (Rs. 58.78 crores) constituted 11 per cent of the revenue expenditure during 1992-93 against 6 per cent in 1991-92.

(Paragraph 6.1.2)

—By the end of 1992-93, Public Debt had increased to Rs. 687.60 crores from Rs. 344.59 crores in 1988-89. Loan from Central Government which constituted the largest component of Public Debt ranged between 40 and 41 *per cent* of total debt of the State Government during the same period. Besides, the contingent liability of the Government for guarantees given for repayment of loans taken by Statutory Corporations and Government Companies stood at Rs. 39.08 crores on 31st March 1993.

—With the investment of Rs. 12 crores during the year in Statutory Corporations, Government Companies and Co-operative Bank and Societies, the total investments of the Government stood at Rs.86.58 crores on 31st March 1993. The final accounts of the 10 Government Companies were in arrears for periods ranging from 2 to 12 years. The accumulated loss incurred by these Companies up to the period for which accounts were finalised stood at Rs. 7.29 crores. No dividend or interest was received from those Companies.

(Paragraph 1.2.11)

—In the Tripura Road Transport Corporation, the only Statutory Corporation, set up in October 1969, the Government invested a total amount of Rs. 22.11 crores till 31st March 1993. The Corporation finalised its annual accounts up to 1985-86 with a net loss of Rs. 1.70 crores for the year and cumulative loss of Rs. 12.21 crores at the end of March 1986.

(Paragraph 7.3.2)

—The required minimum cash balance of Rs. 10 lakhs was maintained by the State Government with Reserve Bank of India on 133 days, while Ways and Means Advances of Rs. 61.91 crores were taken on 132 days. Rupees 67.51 crores of Ways and Means Advances, including the outstanding balance of Rs. 5.60 crores of the previous year were repaid during the year leaving no outstanding balance at the end of the year. Rupees 57.15 lakhs were paid as interest on Ways and Means Advances during the year.

(Paragraph 1.2.12)

2. Appropriation Audit and Control over Expenditure

—The net savings of Rs. 128.49 crores during the year were the result of total savings of Rs. 215.36 crores in 48 grants and 5 appropriations and total excess of Rs. 86.87 crores in 5 grants and 3 appropriations. The excess of Rs. 86.87 crores in 5 grants and 3 appropriations requires regularisation under Article 205 of the Constitution of India.

(Paragraph 2.2.1)

—Supplementary grants of Rs. 13.48 crores obtained in 18 grants during March 1993 proved unnecessary as the final saving in each of these grants exceeded the supplementary provision. In two other grants supplementary provisions aggregating to Rs. 0.96 crore proved inadequate while in two other grants, against supplementary provisions obtained aggregating to Rs. 5.31 crores, only Rs. 4.01 crores were utilised.

(Paragraph 2.2.7)

—Though the total saving under 49 grants was Rs. 215.36 crores, Rs. 89.97 crores were surrendered at the fag end of the year (March 1993).

(Paragraph 2.2.9)

—Adequate steps were not taken to ensure the reconciliation, in all respects, of the departmental figures of expenditure with those as per the books of the Accountant General before closure of the year's accounts. Out of 113 Controlling Officers, 16 Controlling Officers did not reconcile the expenditure and 22 Controlling Officers carried out partial reconciliation in respect of a total amount of Rs. 286.79 crores.

(Paragraph 2.2.10)

3. Nehru Rozgar Yojana

—Nehru Rozgar Yojana (NRY) was launched by the Government of India in October 1989 and was recast in March 1990. This was a Centrally Sponsored Scheme with the objective of providing employment to the un-employed and under-employed urban poor. The three main components of the scheme were (i) Scheme of Urban Micro-Enterprises, (ii) Scheme of Urban Wage Employment and (iii) Scheme of Housing and Shelter Upgradation.

—Out of the total amount of Rs. 176.93 lakhs released by the Central Government (Rs. 138.05 lakhs) and State Government (Rs. 38.88 lakhs) as their share of assistance during 1989-90 to 1992-93 for implementation of the scheme an expenditure of Rs. 115.53 lakhs was incurred.

—There was short release of State's share by Rs. 19.18 lakhs under NRY.

—There were delays ranging between more than 3 months and more than one year in releasing the Central assistance of Rs. 70.76 lakhs by the nodal agency.

—Rupees 8.21 lakhs from Urban Micro-Enterprises Scheme and Rs. 29.09 lakhs from the Urban Wage Employment Scheme were diverted for other purposes during the period from 1990-91 to 1992-93.

—An amount of Rs. 15.89 lakhs remained with the urban local bodies and the non-governmental organisations as unspent balance at the end of February 1993.

—The schemes under NRY were not evaluated either by the Government or by any independent agency, and as such it could not be ascertained how far the objectives of the schemes were fulfilled in the State.

(Paragraph 3.4)

4. Integrated Rural Development Programme

—This programme was launched in the year 1976-77 with the aim of raising the annual income of families in the identified target groups above the poverty line and generation of substantial additional employment in the rural sector by providing productive assets through credit linked subsidies.

—Out of the total grants of Rs. 3,455.25 lakhs released by the Central Government (Rs. 1,582.96 lakhs) and the State Government (Rs. 1,872.29 lakhs) during the period from 1985-86 to 1992-93, total expenditure incurred was Rs. 3,389.04 lakhs.

—Grants of Rs. 1,582.96 lakhs received from the Central Government during the period from 1985-86 to 1992-93 were not routed through the State Annual Budget and were kept out of the Consolidated Fund of the State.

—DRDA, North Tripura District suffered a loss of Rs. 2.91 lakhs on account of interest by keeping IRDP funds in Postal Savings Account instead of Savings Bank Account in contravention of the provisions of IRDP Manual.

—In South Tripura District, banks showed adjustment of subsidy for Rs. 9.38 lakhs during the period from 1985-86 to 1992-93 although the amounts were not actually disbursed but refunded to DRDA, South Tripura District.

—Out of 12127 beneficiaries trained during the period from 1985-86 to 1992-93 in various trades under TRYSEM at a cost of Rs. 141.77 lakhs, only 2904 were self-employed and 467 were wage-employed.

—Out of 405 groups formed under DWCRA, during the period from 1983-84 to 1991-92, 363 groups were non-functional from the date of completion of training.

(Paragraph 3.7)

5. Rural Water Supply Schemes

—The State Government had undertaken different water supply schemes from 1977-78 onwards in different villages under Accelerated Rural Water Supply Programme and Rural Water Supply Programme under the Minimum Needs Programme. There were 7479 hamlets (problem villages) in the State needing drinking water supply facilities for a population of 23.35 lakhs.

—Out of 7479 hamlets envisaged to be covered under the schemes only 3789 hamlets were covered. Of which sources created in 944 hamlets were either defunct or damaged completely reducing the achievement to 2845 hamlets only.

—110 Deep Tube-wells constructed between the period 1986-87 and 1992-93 at a total cost of Rs. 309.53 lakhs to provide safe drinking water to a population of 2.15 lakhs were awaiting commissioning for 1 to 6 years mainly due to non-availability of electric connections and pumps.

—26 Deep Tube-wells constructed at a cost of Rs. 76.15 lakhs had to be abandoned within 4 to 10 years of their commissioning against the normal working period of 20 years due to wrong selection of water bearing strata.

—Drilling rig and a compressor purchased at a cost of Rs. 21.16 lakhs remained unutilised due to non-availability of infrastructure.

—Theft of stop-cocks from public hydrants resulted in 56 per cent loss of water against 5 to 7 per cent as per norms.

—Out of 14778 ordinary shallow tube-wells sunk between the period April 1984 and September 1988 in 12 Blocks, 1524 tube-wells valued at Rs. 22.86 lakhs did not physically exist.

—There was loss of materials worth Rs. 27.82 lakhs due to non-execution of works and injudicious procurement of pipes worth Rs. 381.81 lakhs.

(Paragraph 4.1)

6. Medium Irrigation Project

—Three Medium Irrigation Projects viz., Gumti, Khowai and Manu were taken up in 1980-81, 1984-85 and 1986-87 respectively with a view to create irrigation potential of an additional 13199

hactares of land at an estimated cost of Rs. 10,559.02 lakhs. Though expenditure of Rs. 5630.01 lakhs (53.32 *per cent* of the total cost) had been incurred, only 1000 hactares of land (7.58 *per cent* of the total projected area) could be irrigated. Gumti and Manu Projects have become economically unviable since the benefit cost ratio had come down to 1.38 and 1.41 respectively as against the permissible norms of 1.5.

—Payment of escalation charges on the basis of gross value of work done instead of the net value led to an excess payment of Rs. 40.42 lakhs. Besides an amount of Rs. 128.29 lakhs was paid as escalation charges on the value of materials supplied by the Department. Unrealistic negotiation on escalation rates with the contractors led to further loss of Rs. 88.28 lakhs.

—Due to non-submission of claims in time by the Department, Government sustained a loss of Rs. 22.86 lakhs being the amount of road transport charges reimbursable.

—Adoption of incorrect formula for determination of escalation charges resulted in an excess payment of Rs. 67.27 lakhs to the contractor.

—Unintended benefit of Rs. 30.03 lakhs was given to contractor due to lacuna in the contract.

—Due to acceptance of alternative alignment expenditure of Rs. 33.43 lakhs on acquisition of land, construction of canal, sump well and pump house in RD 4.063 km to 7 km of left bank of Gumti canal proved wasteful.

(Paragraph 4.2)

7. Working of Sales Tax Check Posts in Tripura

—With a view to prevent evasion of Sales tax 4 check posts had been set up in the State at Choraibari, Bagbasa, Majlishpur and Bishalgarh during June 1978 to June 1982. In the absence of basic infrastructure, required funds and requisite staff check posts at Bagbasa and Bishalgarh could not be made functional and only surprise checks were exercised at Majlishpur check post.

—While the check post at Choraibari was set up in June 1978, thorough checking of vehicles started only from 1978-88 and the percentage of vehicles checked was 1.12 to 2 during 1987-88 to 1991-92.

—Records prescribed for recording the details of declarations, permits etc., collected at the check posts were not maintained. Instructions regarding charging of godown rent were not

followed. Delay in disposal of seized goods not claimed by the person concerned within the prescribed time resulted in blocking of storage space with consequential non-realisation of revenue.

—Non-imposition of penalty under the Sales Tax Act, resulted in loss of revenue of Rs. 0.83 lakh during 1990-91 and 1991-92.

—Non-imposition of composition money in accordance with the provisions of the Act resulted in loss of revenue amounting to Rs. 2.11 lakhs.

—Weigh Bridge purchased at a cost of Rs. 4.62 lakhs for installation at Choraibari check post during November 1991 has not been installed as of March 1993.

(Paragraph 5.12)

8. Working of Tripura Khadi and Village Industries Board

—The Board was set up in August 1967 and implements the programmes of Development of Khadi and Village Industries by providing financial assistance, technical guidance, improved tools and implements and supply of raw materials to the institutions and artisans.

—During the years 1986-87 to 1992-93 the loans of Rs. 19.07 lakhs and interest of Rs. 13.05 lakhs remained unpaid to the K & VI Commission by the Board while loans of Rs. 4.11 lakhs remained unrecovered from the beneficiaries.

—Against Rs. 99.06 lakhs given as loans and grants to the industries and artisans during the period from 1986-87 to 1991-92 utilisation certificates in respect of Rs. 72.13 lakhs were not received.

—The Board paid financial assistance of Rs. 99.06 lakhs to 3 industrial units and 6077 artisans for development of village industries without observing the norms prescribed by the K & VI Commission regarding selection of beneficiaries on the basis of their residence and annual income.

—The Board sustained loss of Rs. 3.35 lakhs during the six years ending 1991-92 due to excess consumption of yarn.

—The Board did not evaluate the impact of the scheme on the economic upliftment of the beneficiaries.

(Paragraph 6.2)

9. Delay in finalisation accounts by Government Companies

—As on 31 October 1993, accounts of nine Government Companies were in arrears for various accounting years from 1981-82 to 1992-93.

—As against the prescribed period of six months for finalisation and adoption of annual accounts in the AGM the companies have delayed the finalisation of their annual accounts by 36 months to 143 months.

—There was delay ranging between 1 to 28 months in adoption of accounts at the Annual General Meeting even after receipt of comments from C & AG of India.

—Though 27 accounts in respect of 8 companies were adopted at the Annual General Meeting during the period from 1986-87 to 1992-93 only 11 annual reports relating to these accounts were placed by the Government before the State Legislature.

—As against 44 accounts relating to 6 companies remaining in arrears as on 1 April 1990, 54 accounts relating to 6 companies were in arrears on 31 March 1993. In the absence of final accounts, investment of Rs. 4,844.70 lakhs made in the share capital of 6 companies could not be scrutinised.

—Notwithstanding the instructions issued by the Chief Secretary in March 1990 to draw action plan for overtaking the arrears in finalisation of accounts by the end of March 1991, action was not taken by five companies.

—There was no effective system of reconciliation of accounts and bank transactions.

—Most of the companies did not have a separate cadre of accounts staff in the absence of which the companies had to entrust the work relating to compilation of annual accounts to the Chartered Accountants.

—Accounts manual containing guidelines and instructions for maintenance and preparation of accounts had not been prepared by the five companies.

(Paragraph 7.5)

10. Tripura Handloom and Handicrafts Development Corporation Limited

—The company was incorporated in September 1974 with a view to organising the handloom and handicrafts industries in the State and expanding their market and creating employment opportunities for the weavers and artisans.

—The paid-up capital of the company as on 31st March 1992 was Rs. 211.48 lakhs contributed by the State Government (Rs. 205.48 lakhs), Central Government (Rs. 3 lakhs) and the

TTAADC (Rs. 3 lakhs) against the authorised capital of Rs. 500 lakhs (November 1990). In addition, the company received Rs. 20.00 lakhs from the State Government up to March 1992 towards share capital against which no allotment of shares was done (October 1992).

—The company's accounts had been finalised up to 1980-81. As per the provisional accounts, there was a net accumulated loss of Rs. 108.81 lakhs at the end of March 1992.

—The company deals mainly in procurement and sales of handicrafts products, janata cloth and yarn. It failed to achieve the targets of purchases as well as sales during all the three years ending 1991-92.

—The emporia of the company effected substantial portion of sales of handloom (49 to 70 *per cent*) and handicrafts (74 to 50 *per cent*) products only during rebate/special rebate/discount periods.

—For setting up a yarn bank, the State Government provided (September 1987 to July 1989) Rs. 49.07 lakhs but the same had not been set up by the company (July 1993). Instead the funds released by the State Government were diverted by the company for other purposes thereby defeating the main purpose of establishing the yarn bank.

—792 weavers and artisans to whom raw materials worth Rs. 14.80 lakhs was supplied on credit up to 1991-92, 534 of them had stopped supplying their products to the company and only 258 beneficiaries continued the supply. As a result recovery of cost of raw materials from the defaulters could not be made.

—In the cloth processing units of the Mechanised dye-cum-process house, plants and machineries costing Rs. 55.23 lakhs installed for bleaching, dyeing and processing of cloth were not commissioned due to defects in various components. The dye-cum-process house stopped functioning since September 1991. The capacity utilisation of the dye-cum-process house during the period from 1989-90, 1990-91 and 1991-92 was 8.57, 4.94 and 0.68 *per cent* respectively.

(Paragraph 7.6)

11. Other points of interest

(a) Civil

—Due to unscientific storage by the Food and Civil Supplies Department 6.6 tonnes of common boiled rice and 17.86 tonnes of superfine rice valued at Rs. 0.74 lakh were identified as damaged.

(Paragraph 3.1)

—Due to failure of two contracted firms to transport foodgrains extra expenditure of Rs. 0.57 lakh was incurred by the Food and Civil Supplies Department being cost of transportation paid to a third firm. This extra expenditure was not recovered by the Department from the defaulter firms.

(Paragraph 3.2)

—Failure of the Fisheries Department to legally enforce recovery of lease rent of water areas and penal interest thereon resulted in loss of revenue amounting to Rs. 1.21 lakhs.

(Paragraph 3.3)

—Non-allotment of 19 sheds constructed by the Labour and Employment Department during the period from 1974 to 1976 to the beneficiaries till June 1992 resulted in loss of revenue of Rs. 0.94 lakh.

(Paragraph 3.5)

—Acceptance of a defective offset printing machine by the Printing and Stationery Department resulted in idle outlay and blocking of Government money to the tune of Rs. 6.20 lakhs for about two and a half years.

(Paragraph 3.6)

—The Rural Development Department made payment at higher rates to a Primary Marketing Co-operative Society for purchasing Barley, Musur Dal under the Special Nutrition Programme resulting in extra expenditure of Rs. 0.99 lakh.

(Paragraph 3.8)

—Inaction on the part of Public Works Department to dispose of condemned vehicles lead to an idle expenditure of Rs. 2.36 lakhs on pay and allowances of drivers, whereas Rs. 9.12 lakhs were spent as hire charges of vehicles (including drivers) from private parties.

(Paragraph 4.3)

—Incorrect closure of the contract without any valid reason instead of rescinding it at the risk and cost of the contractor by the Public Works Department resulted in extra expenditure of Rs. 8.03 lakhs.

(Paragraph 4.4)

—Delay on the part of the Public Works Department to hand over the site including layout plans and issue of work order on faulty design prepared incorrectly resulted in avoidable expenditure of Rs. 7.57 lakhs.

(Paragraph 4.5)

—An expenditure of Rs. 2.62 lakhs incurred on the purchase of a road roller proved unfruitful as the machinery remained out of use.

(Paragraph 4.6)

—Due to irregular closure of contracts, the Public Works Department had to incur extra expenditure of Rs. 6.82 lakhs in two cases.

(Paragraph 4.7)

—Delay in processing the tenders received on second call by the Public Works Department resulted in avoidable extra expenditure of Rs. 1.32 lakhs.

(Paragraph 4.8)

—Incorrect assessment of the minimum guaranteed requirements of gas before execution of agreement resulted in an avoidable extra expenditure of Rs. 77.47 lakhs to the Power Department.

(Paragraph 4.9)

—Delay in processing the tender resulted in an avoidable extra liability of Rs. 14.95 lakhs to the Power Department besides additional charge on price escalation due to time over-run and consequent delay in providing better services to the public.

(Paragraph 4.10)

—Lack of appropriate and prompt action immediately after the closure of one Brick Kiln by Industrial Co-operative Society at Khowai, the Co-operation Department had to bear an avoidable contingent liability of Rs. 5.38 lakhs on account of interest payable to a bank being guarantor of loans given to the Society.

(Paragraph 6.3)

—Out of the total funds of Rs. 15.12 lakhs received by 9 Notified Area Authorities for assisting the beneficiaries in construction of bio-gas plants and smokeless chullahs, Rs. 1.97 lakhs only were spent for the purpose, Rs. 2.25 lakhs were kept as deposits with the banks, Rs. 1.23 lakhs remained unutilised and the balance Rs. 9.67 lakhs were diverted for other purposes.

(Paragraph 6.4)

—Non-observance of rules by Heads of office/Department concerned of the Tripura University in payment of overtime resulted in irregular expenditure of Rs. 1.35 lakhs.

(Paragraph 6.5)

(b) *Revenue*

—Incorrect carry forward of closing stock and omission of turnover resulted in short levy of Sales Tax (including interest) of Rs. 0.76 lakh and Rs. 2.29 lakhs in two cases.

(Paragraph 5.13(i) & (ii))

—Under-assessment due to inadmissible allowance of loss and turnover escaping assessment resulted in short levy of Sales Tax of Rs. 0.66 lakh including interest.

(Paragraph 5.14)

—Erroneous computation of the tax liability of a dealer resulted in under-assessment of interest of Rs. 0.23 lakh.

(Paragraph 5.15)

—Six proprietors of cinema halls in municipal area did not pay show tax of Rs. 0.62 lakh.

(Paragraph 5.16)

—Non-application of enhanced rates resulted in a loss of stamp duty of Rs. 5.19 lakhs.

(Paragraph 5.17(i))

—Under evaluation of properties resulted in short levy of stamp duty amounting to Rs. 0.42 lakh in 12 cases.

(Paragraph 5.17 (ii))

—Failure of the Forest Department in protecting the logs and delay in disposing them resulted in a loss of revenue of Rs. 0.91 lakh.

(Paragraph 5.18)

—Failure to exercise the prescribed checks by the Power Department, an amount of Rs. 11.13 lakhs being sale proceeds of power was allegedly misappropriated.

(Paragraph 5.19)

(c) *Commercial*

—Due to lack of timely action to cover rubber plantation with fire-insurance, the Tripura Rehabilitation Plantation Corporation Limited had to sustain a loss of Rs. 5.90 lakhs.

(Paragraph 7.7)

—The Tripura Horticulture Development Corporation Limited incurred a total expenditure of Rs. 5.62 lakhs on banana plantation during the 4 years ending 1991-92 and earned a revenue of Rs. 694 only against anticipated revenue of Rs. 1.02 lakhs per year mainly due to plantation of inferior varieties rendering the entire expenditure unfruitful.

(Paragraph 7.8)

CHAPTER I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Summarised Financial Position

The financial position of the Government of Tripura as on 31 March 1993 emerging from the Appropriation Accounts and the Finance Accounts for the year 1992-93, the Abstract of Receipts and Disbursements and the details of Sources and Application of Funds for the year are given in the following Statements:

STATEMENT I

I—Statement of financial position of the Government of Tripura as on 31 March 1993

(Rupees in crores)

Amount as on 31 March 1992	Liabilities	Amount as on 31 March 1993	Amount as on 31 March 1992	Assets	Amount as on 31 March 1993
169.33	Internal Debt (Market Loans, Loans from Life Insurance Corporation of India and others)	185.99	874.31	Gross Capital Outlay on Fixed Assets	950.90
263.61	Loans and Advances from Central Government	282.89		74.58 (i) Investment in Shares of Companies, Corporations, etc.	86.58
20.04	(i) Pre-1984-85 Loans	18.66		799.73 (ii) Other Capital Outlay	864.32
144.32	(ii) Non-Plan Loans	148.58	36.32	Loans and Advances	36.70
88.33	(iii) Loans for State Plan Schemes	103.48	31.75	(i) Other Development Loans	32.46
0.48	(iv) Loans for Central Plan Schemes	0.36	4.57	(ii) Loans to Government Servants and miscellaneous	4.24
4.83	(v) Loans for Centrally Sponsored Plan Schemes	4.85			
1.42	(vi) Ways and Means Advances	2.42			
4.19	(vii) Loans for Special Schemes	4.54			
<u>432.94</u>		<u>468.88</u>	<u>910.63</u>		<u>987.60</u>

(Rupees in crores)

Amount as on 31 March 1992	Liabilities	Amount as on 31 March 1993	Amount as on 31 March 1992	Assets	Amount as on 31 March 1993
b/f 432.94		b/f 468.88	b/f 910.63		b/f 987.60
120.83	Small Savings, Provident Funds, etc.	146.89	0.82	Other Advances	0.89
56.27	Deposits	71.84	29.45	Suspense and Miscellaneous Balances	46.34
0.50	Contingency Fund	0.50	39.32	Remittance Balances	14.50
307.55	Surplus on Government Account	361.51	(-)62.13	Cash Balance	0.29
				(i) Cash in Treasuries	Nil*
				(ii) Departmental cash balance including permanent advances	3.82
				(iii) Cash balance investment	15.75
				(iv) Deposits with Reserve Bank of India	(-)19.28
<u>918.09</u>		<u>1049.62</u>	<u>918.09</u>		<u>1049.62</u>

*Figures as per Finance Accounts for 1992-93 was Rs. 1,353 only.

STATEMENT II

II—Abstract of Receipts and Disbursements for the year 1992-93

(Rupees in crores)

Receipts		Disbursements			
SECTION A—REVENUE					
I. Revenue Receipts	640.11	I. Revenue Expenditure			550.13
			Non-Plan	Plan	Total
(i) Tax Revenue	33.74	(i) General Services	172.13	0.51	172.64
(ii) Non-Tax Revenue	21.35	(ii) Social Services	140.75	85.04	225.79
(iii) State's Share of Union Taxes	214.51	(iii) Economic Services:			
(iv) Non-Plan Grants	107.26	(a) Agriculture and Allied Activities	24.69	40.58	65.27
(v) Grants for State Plan Schemes	199.29	(b) Rural Development	8.00	18.69	26.69
(vi) Grants for Central Plan Schemes	4.40	(c) Special Areas Programmes (NEC)	—	0.66	0.66
(vii) Grants for Centrally Sponsored Schemes	17.32	(d) Irrigation and Flood Control	2.90	6.59	9.49
(viii) Grants for Special Plan Schemes (NEC)	6.24	(e) Energy	20.26	—	20.26
		(f) Industry and Minerals	2.72	7.76	10.48
		(g) Transport	9.78	0.02	9.80
		(h) Communication	2.19	0.25	2.44
		(i) Science, Technology and Environment	—	0.56	0.56
		(j) General Economic Services	1.99	1.09	3.08
		(iv) Grants-in-aid and Contributions	2.97	—	2.97
			<u>388.38</u>	<u>161.75</u>	<u>550.13</u>
		II. Revenue Surplus (carried over to Section B)			53.98
Total Section—A—Revenue	<u>604.11</u>	Total Section—A—Revenue			<u>604.11</u>

(Rupees in crores)

Receipts		Disbursements			
SECTION B—OTHERS					
II. Opening Cash Balance including permanent advance and cash balance investment account	(-)62.13	III. Opening Overdraft from Reserve Bank of India			Nil
III. Recoveries of Loans and Advances	0.74	IV. Capital Outlay	Non-Plan	Plan	Total
(i) From Government Servants	0.53	(i) General Services	—	2.91	2.91
(ii) From Others	0.21	(ii) Social Services	—	17.56	17.56
IV. Public Debt Receipts	132.44	(iii) Economic Services:			
(i) Internal Debt other than Ways and Means Advances	26.79	(a) Agriculture and Allied Activities	(-)12.83	2.15	(-)10.68
(ii) Loans and Advances from Central Government	43.74	(b) Special Areas Programme	—	3.25	3.25
(iii) Ways and Means Advances from the Reserve Bank of India	61.91	(c) Irrigation and Flood Control	—	10.91	10.91
V. Revenue Surplus carried over	53.98	(d) Energy	(-)0.09	23.17	23.08
		(e) Industries and Minerals	—	5.67	5.67
		(f) Transport	—	22.20	22.20
		(g) General Economic Services	0.04	1.65	1.69
			(-)12.88	89.47	76.59
		V. Loans and Advances Disbursed			
		(i) To Government Servants	0.20		1.11
		(ii) To Others	0.91		
	<u>125.03</u>				<u>77.70</u>

(Rupees in crores)

Receipts		Disbursements	
	b/f 125.03		b/f 77.70
VI. Public Accounts Receipts	418.05	VI. Repayment of Pubic Debt	96.51
(i) Small Savings and Provident Funds	63.81	(i) Internal Debt other than Ways and Means Advances	4.54
(ii) Deposit and Advances	96.27	(ii) Ways and Means Advances	67.51
(iii) Suspense and Miscellaneous	40.33	(iii) Repayment of Loans and Advances to Central Government	24.46
(iv) Remittances	217.64		
VII. Closing Overdrafts from Reserve Bank of India	Nil	VII. Public Account Disbursements	368.58
		(i) Small Savings and Provident Funds	37.76
		(ii) Deposits and Advances	80.77
		(iii) Suspense and Miscellaneous	57.22
		(iv) Remittances	192.83
		VIII. Cash Balance at end	0.29
		(i) Cash in Treasuries	Nil
		(ii) Departmental Cash Balances including permanent advance	3.82
		(iii) Cash Balance investment	15.75
		(iv) Deposit with Reserve Bank of India	(-)19.28
Total Section—B—Others	<u>543.08</u>	Total Section—B—Others	<u>543.08</u>

STATEMENT III

III—Sources and Application of Funds for the year 1992-93

		(Rupees in crores) Amount
I. Sources		
1. Revenue Receipts	.. ..	604.11
2. Recoveries of Loans and Advances	.. ..	0.74
3. Increase in Public Debt	.. ..	35.93
4. Net Receipts from Public Account	.. ..	49.47
(i) Increase in Small Savings and Provident Funds	.. ..	26.05
(ii) Increase in Deposits and Advances	.. ..	15.50
(iii) Effect of Suspense Balances	.. ..	(-)16.89
(iv) Effect of Remittance Balances	.. ..	24.81
		690.25
II. Applications		
1. Revenue Expenditure	.. ..	550.13
2. Capital Expenditure	.. ..	76.59
3. Lending for development and other purposes	.. ..	1.11
4. Increase in cash balance including permanent advances, departmental cash balance and cash balance investment	.. ..	62.42
		690.25

Explanatory Notes:

1. The summarised financial statements are based on the Finance Accounts and the Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.

2. Government accounts being mainly on cash basis, the revenue surplus has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.

3. Finance Accounts contain information on progressive capital expenditure outside the revenue account. Prior to rationalisation of accounting classifications, small expenditure of capital nature was also met out of revenue. Information on such capital expenditure being not available, it is not reflected in the accounts.

4. Although a part of the revenue expenditure (grants) and the loans is used for capital formation by recipients its classification in the accounts of State Government remains unaffected by end use.

5. There was an unreconciled difference of Rs. 4.36 crores between the figures reflected in the accounts (debit Rs. 19.28 crores) and that intimated by the Reserve Bank of India under "Deposits with Reserve Bank" (debit Rs. 14.92 crores). The difference is under reconciliation (March 1994).

1.2 Comments on Accounts

1.2.1 Overall financial performance during 1992-93

The year 1992-93 ended with a revenue surplus of Rs. 53.98 crores against revenue surplus of Rs. 15.55 crores in the preceding year.

The net accretion from debt transactions (as adjusted by the effect of Suspense and Remittance balances) aggregated Rs. 85.40 crores which together with the revenue surplus of Rs. 53.98 crores was enough for meeting capital expenditure (Rs. 76.59 crores) and net lending for development and other purposes (Rs. 0.38 crore). The balance ultimately resulted in corresponding increase in the closing cash balance including permanent advances, departmental cash balance and cash balance investment by Rs. 62.42 crores.

1.2.2 Assets and Liabilities of State Government

The assets comprising capital investments and loans advanced and the total liabilities of the State Government at the end of the last five years were as under:

Year	Assets	Liabilities
	(Rupees in crores)	
1988-89	637.42	345.09
1989-90	759.49	459.71
1990-91	838.66	546.66
1991-92	918.09	610.54
1992-93	1049.62	688.11

While the assets have grown by 65 per cent during the period of five years the liabilities have grown by 99 per cent mainly due to steady increase in non-Plan revenue expenditure.

1.2.3 Revenue surplus/deficit

Revenue surplus/deficit during the last five years were as follows:

Year	Revenue		Surplus (+)/ Deficit (-)	Revenue Surplus (+)/ Deficit (-) as a percentage of revenue expenditure
	Receipt	Expenditure		
	(Rupees in crores)			
1988-89	395.62	380.52	(+)15.10	4
1989-90	426.99	419.54	(+) 7.45	2
1990-91	495.32	497.03	(-) 1.71	0.3
1991-92	563.20	547.65	(+)15.55	3
1992-93	604.11	550.13	(+)53.98	10

The revenue receipts registered an increase of 53 per cent during the above five years, as against an increase in the revenue expenditure by 45 per cent during the same period. As a result, revenue surplus available to meet a part of capital expenditure registered a steady increase in 1991-92 and 1992-93 and the State had reached a revenue surplus status in 1991-92 from the revenue deficit status in 1990-91.

1.2.4 Revenue Receipts

The revenue receipts during the five years ending 1992-93 are given below:

Year	Budget Estimates	Revised Estimates	Actuals		Percentage of growth
			Amount	Growth over the previous year	
(Rupees in crores)					
1988-89	362.32	382.82	395.62	81.43	26
1989-90	431.41	420.20	426.99	31.37	8
1990-91	507.84	498.80	495.32	68.33	16
1991-92	562.91	564.70	563.20	67.88	14
1992-93	625.53	618.17	604.11	40.91	7

The position of revenue raised by the State Government, State's share of Union taxes and duties and receipts from the Government of India was as follows:

	(Rupees in crores)				
	1988-89	1989-90	1990-91	1991-92	1992-93
I. Revenue raised by the State Government					
(a) Tax Revenue	18.36	21.28	26.02	28.84	33.74
(b) Non-tax Revenue	15.68	15.99	18.29	17.78	21.35
Total-I	34.04	37.27	44.31	46.62	55.09
II. State's share of Taxes on Income other than Corporation Tax, etc.	7.36	10.52	12.48	15.75	18.42
III. Receipts from Government of India					
(i) State's share of Union Excise Duties	113.89	92.54	143.65	172.92	196.09
(ii) Grants-in-aid	240.33	286.66	294.88	327.91	334.51
Total-II & III	361.58	389.72	451.01	516.58	549.02
IV. Total receipts of the State Government (Revenue Account)	395.62	426.99	495.32	563.20	604.11
V. Percentage of revenue raised to total receipts	9	9	9	8	9

The revenue from the State's own resources, however, increased by 62 per cent from Rs. 34.04 crores to Rs. 55.09 crores during the years 1998-89 to 1992-93. Tax revenue raised by the State Government increased by 84 per cent from Rs. 18.36 crores in 1988-89 to Rs. 33.74 crores in 1992-93. Collection from non-tax revenue increased by 36 per cent from Rs. 15.68 crores in 1988-89 to Rs. 21.35 crores in 1992-93.

1.2.5 Tax revenue raised by the State Government

An analysis of the tax revenue raised by the State (under various heads) Government is given below:

	(Rupees in crores)				
	1988-89	1989-90	1990-91	1991-92	1992-93
(i) Taxes on Agricultural Income	0.06 (0.33)	0.04 (0.19)	0.09 (0.35)	0.23 (0.80)	0.22 (0.69)
(ii) Other Taxes on Income and Expenditure	1.92 (10.46)	1.89 (8.88)	3.38 (13.03)	3.38 (11.72)	4.12 (12.21)
(iii) Land Revenue	0.50 (2.72)	0.52 (2.44)	0.68 (2.61)	0.32 (1.11)	0.47 (1.39)
(iv) Stamps and Registration Fees	1.51 (8.22)	1.84 (8.65)	2.24 (8.61)	2.43 (8.43)	2.77 (8.21)
(v) State Excise	2.61 (14.22)	4.10 (19.29)	4.63 (17.79)	5.23 (18.13)	7.25 (21.49)
(vi) Sales Tax	10.24 (55.77)	11.32 (53.20)	13.34 (51.27)	15.31 (53.09)	16.81 (49.82)
(vii) Taxes on Vehicles	0.82 (4.47)	0.89 (4.18)	0.93 (3.57)	1.12 (3.88)	1.43 (4.24)
(viii) Others Taxes and Duties on Commodities and Services	0.70 (3.81)	0.68 (3.19)	0.72 (2.77)	0.82 (2.84)	0.67 (1.99)
Total	18.36 (100)	21.28 (100)	26.02 (100)	28.84 (100)	33.74 (100)

Further analysis of the State's revenue receipts is given in Chapter V of this Report.

1.2.6 Revenue expenditure

The growth of revenue expenditure (both Plan and non-Plan) during the last five years was as follows:

Year	Revenue Expenditure			Percentage of increase (+)/ decrease (-) over previous year		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
	(Rupees in crores)					
1988-89	130.33	250.19	380.52	(+) 33	(+) 27	(+) 29
1989-90	129.72	289.82	419.54	-	(+) 16	(+) 10
1990-91	157.84	339.19	497.03	(+) 22	(+) 17	(+) 18
1991-92	169.42	378.23	547.65	(+) 7	(+) 11	(+) 10
1992-93	161.75	388.38	550.13	(-) 5	3	*

* The increase was less than one *per cent*.

The revenue expenditure (Plan) during 1992-93 was Rs. 161.75 crores against the budget estimates of Rs. 213.18 crores (including supplementary) disclosing a shortfall in expenditure of Rs. 51.43 crores. The non-Plan revenue expenditure during the year was Rs. 388.38 crores (Rs. 378.23 crores during the previous year) against the estimates of Rs. 437.05 crores (including supplementary) disclosing a shortfall in expenditure of Rs. 48.67 crores. The reasons for variations are given in Chapter II of this Report; further details are available in the Appropriation Accounts for the year 1992-93—Government of Tripura.

The non-Plan expenditure (revenue) grew by 55 *per cent* by the end of 1992-93 over the level of 1988-89 while the corresponding increase in the Plan expenditure was 24 *per cent* only.

The percentage of Plan expenditure to total revenue expenditure decreased from 34 *per cent* in 1988-89 to 29 *per cent* in 1992-93, while in the non-Plan sector the expenditure increased from 66 *per cent* to 71 *per cent* during the corresponding period.

1.2.7 Capital expenditure

The expenditure under capital heads during the five years ended 1992-93 was as follows:

Year	Capital Expenditure			Total Expenditure Heads (Revenue+Capital)	Percentage of capital expenditure to total expenditure	
	Plan	Non-Plan	Total			
	(Rupees in crores)					
1988-89	92.00	3.16	95.16	475.68	20	
1989-90	89.55	3.01	92.56	512.11	18	
1990-91	85.11	3.12	88.23	585.26	15	
1991-92	97.54	9.42	106.96	654.61	16	
1992-93	89.48	(-)12.89	76.59	626.72	12	

The capital expenditure during 1992-93 was Rs. 76.59 crores against the budget estimates (including supplementary) of Rs. 131.72 crores disclosing shortfall in expenditure of Rs. 55.13 crores. The main reasons for excess/shortfall are given in Chapter II of this Report; further details are available in Appropriation Accounts for 1992-93—Government of Tripura.

The capital expenditure under Plan and non-Plan sector decreased by 3 per cent and 508 per cent by the end of 1992-93 respectively over the level of 1988-89.

The proportion of capital expenditure to the total expenditure declined from 20 per cent in 1988-89 to 12 per cent in 1992-93.

1.2.8 Loans and advances by the State Government

The State Government have been advancing loans to Government Companies, Corporations, Autonomous bodies, Co-operatives, Non-Government institutions, etc., for developmental and non-developmental activities. The position of such loans for the five years from 1988-89 to 1992-93 is given below:

Year	Opening balance	Advanced during the year	Recovered during the year	Closing balance	Net increase (+) decrease (-)	Interest received and credited to Government	Net receipt from long term borrowings
1	2	3	4	5	6	7	8
(Rupees in crores)							
1988-89	30.75	4.84	0.44	35.15	(+) 4.40	0.07	44.08
1989-90	35.15	3.84	0.68	38.31	(+) 3.16	0.09	81.87
1990-91	38.31	2.28	6.66	33.93	(-) 4.38	Nil	64.79
1991-92	33.93	2.98	0.58	36.32	(+) 2.39	0.24	42.91
1992-93	36.32	1.11	0.74	36.70	(+) 0.38	0.17	41.53

The net loans and advances disbursed during the five years ranged between 1 and 7 per cent of the net receipts from long term borrowings of the State Government.

Recovery in arrears

In respect of Loans and Advances, the detailed accounts of which are maintained by the Accountant General (Accounts and Entitlement), the amount overdue for recovery at the end of March 1993 against the Agartala Municipality was Rs. 3.23 lakhs (Principal: Rs. 1.32 lakhs; Interest: Rs. 1.91 lakhs).

In respect of loans the detailed accounts of which are maintained by the departmental officers, all such departmental officers are required to furnish to the Accountant General (A & E) each year the details of arrears (as on 31 March) in recovery of loans the detailed accounts and interest thereon. Information about arrears as on 31 March 1993 had not been received (October 1993) from any such officer.

1.2.9 Public debt and other liabilities

Under Article 293(1) of the Constitution of India, a State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by the Act of the Legislature of the State.

No law has been passed by the Tripura Legislature laying down any such limit.

The details of the total liabilities of the Government at the end of March 1993 with those of the preceding four years are given below:

	Balance at the end of				
	1988-89	1989-90	1990-91	1991-92	1992-93
	(Rupees in crores)				
(i) Internal debt of the Government	*100.15 (29)	118.82 (26)	138.13 (25)	169.33 (28)	185.98 (27)
(ii) Loans from Central Government	137.63 (40)	200.82 (44)	246.30 (45)	263.61 (43)	282.98 (41)
(iii) Small Savings, Provident Funds, etc.	55.99 (16)	73.27 (16)	98.19 (18)	120.83 (20)	146.89 (21)
(iv) Non-interest bearing deposits	50.82 (15)	66.30 (14)	63.54 (12)	56.27 (9)	71.84 (11)
Gross debt and other obligations at the end of the year	344.59 (100)	459.21 (100)	546.16 (100)	610.04 (100)	687.60 (100)

The total liabilities of the Government increased by 99.5 per cent from Rs. 344.59 crores in 1988-89 to Rs. 687.60 in 1992-93.

In the five years' period ending 1992-93, loans from Central Government constituted the largest component of public debt and ranged from 40 to 45 per cent of the State Government's total gross debt liabilities at the end of 31 March each year.

* Figures in brackets represent percentage of individual liability to Gross debt obligations.

1.2.10 Interest charges

The table below shows the burden of interest charges on debt and other obligations during 1992-93 with corresponding figures for the preceding four years:

	1988-89	1989-90	1990-91	1991-92	1992-93
	(Rupees in crores)				
Interest paid by the State Government	20.75	27.78	38.19	50.13	58.72
Interest received by the State Government					
(a) On loans and advances	0.07	0.09	0.10	0.24	0.17
(b) On cash balance investment	0.69	0.19	0.54	0.56	0.27
Net burden of interest on revenue	19.99	27.50	37.55	49.33	58.28
Total Revenue Receipts	395.62	426.99	495.33	563.20	604.11
Percentage of net interest to the total revenue receipts	5.05	6.44	7.56	8.76	9.65

1.2.11 Investments and return

With the fresh investment of Rs. 12 crores during the year in Statutory Corporation (Rs. 3.04 crores), Government Companies (Rs. 7.03 crores) and Co-operative Bank and Societies (Rs. 1.93 crores), the total investments of the Government in shares and debentures on 31 March 1993 were Rs. 86.58 crores. No dividend/interest was received on such investments.

1.2.12 Ways and Means Advances and Overdraft

Under an agreement with the Reserve Bank of India, the State Government has to maintain with the Bank a minimum cash balance of Rs. 10 lakhs. If the balance falls below the agreed minimum on weekly settling days, the deficiency is made good by taking Ways and Means Advances/Overdraft from the Bank or by selling Government of India Treasury bills. The limit of normal Ways and Means Advances was Rs. 5.60 crores.

During the year 1992-93, the minimum balance was maintained without obtaining Ways and Means Advances on 133 days and with such Advances (Rs. 61.91 crores) on 132 days. There was shortfall in the minimum balance after obtaining Ways and Means Advances (but no minus balance) on 100 days. No overdraft was taken during the year. A total amount of Rs. 57.15 lakhs was paid as interest on Ways and Means Advances. Ways and Means Advances of Rs. 67.51 crores including the outstanding balance of Rs. 5.60 crores of the previous year were repaid during the year leaving no balance outstanding at the end of the year. To make up the deficiency in the minimum cash balance, Government of India Treasury bills were rediscounted on 74 days during the year.

1.2.13 *Guarantee given by the Government*

The contingent liability for guarantee given by the State for repayment of loans etc., by Statutory Corporation, Government Companies and Co-operative Societies etc., on 31 March 1993 was Rs. 39.08 crores as against the maximum amount of Rs. 58.05 crores guaranteed.

No law under Article 293 of the Constitution has been enacted by the State Legislature laying down the limits within which the Government may give guarantee on the security of the Consolidated Fund of the State. The Government does not levy any fee or charge for the amounts guaranteed nor has it set up any fund for meeting the liabilities which may arise on invocation of guarantees. No guarantee was invoked during the year.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 General (Budget demands and expenditure)

The summarised position of actual expenditure during 1992-93 against budget provision is as follows:

	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Variation Saving (-) Excess (+)
(Rupees in crores)					
I. Revenue—					
Voted	596.11	17.33	613.44	515.22	(-)98.22
Charged	61.52	1.77	63.29	60.14	(-) 3.15
II. Capital—					
Voted	263.27	—	263.27	162.83	(-)100.44
III. Public Debt—					
Charged	20.81	0.95	21.76	96.51	(+)74.75
IV. Loans and Advances—					
Voted	2.54	—	2.54	1.12	(-) 1.42
Grand Total	944.25	20.05	964.30	835.82	(-)128.48

2.2 Results of Appropriation Audit

Broadly the following results emerge from Appropriation Audit:

2.2.1 Saving/Excess over provision

There was a net saving of Rs. 128.49 crores during the year which was the result of total savings of Rs. 215.36 crores in 48 grants and 5 appropriations and total excess of Rs. 86.87 crores in 5 grants and 3 appropriations. The excess of Rs. 86.87 crores in the 5 grants and 3 appropriations as shown in Appendix 1 requires regularisation under Article 205 of the Constitution of India.

2.2.2 Unutilised provision

In the following grants, the expenditure fell short by more than Rs. 25 lakhs each and more than 10 per cent of the total provision:

Sl. No.	Number and name of grant	Amount of savings and its percentage to the provision	Reasons for savings
(1)	(2)	(3)	(4)

(Rupees in lakhs)

Revenue Section (Voted)

1.	2—Governor's Secretariat, Chief Minister's Secretariat and Secretariat Administration Department	42.81 (56)	Reasons for final saving have not been intimated (March 1994).
2.	5—Revenue Department Social Services	266.65 (38)	Reasons for final saving have not been intimated (March 1994).
3.	8—Appointment and Services Department	32.00 (100)	Reasons for final saving have not been intimated (March 1994).
4.	10—Statistical Department	36.27 (26)	Saving of Rs. 34.76 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actual. Reasons for final saving have not been intimated (March 1994).
5.	13—Co-operation Department	108.00 (22)	Saving of Rs. 69.00 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actual. Reasons for final saving have not been intimated (March 1994).
6.	17—Electricity Department	532.76 (21)	Reasons for final saving have not been intimated (March 1994).

Sl. No.	Number and name of grant	Amount of savings and its percentage to the provision	Reasons for savings
(1)	(2)	(3)	(4)
(Rupees in lakhs)			
7.	18—Irrigation and Flood Control Department	770.26 (32)	Reasons for final saving have not been intimated (March 1994).
8.	21—Education Department (Social)	275.39 (15)	Saving of Rs. 236.76 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).
9.	22—Medical Department	537.06 (20)	Saving of Rs. 205.84 lakhs was anticipated and surrendered which was stated to be due to economy in expenditure. Reasons for final saving have not been intimated (March 1994).
10.	23—Family Welfare Department	93.07 (14)	Saving of Rs. 81.98 lakhs was anticipated and surrendered which was stated to be due to economy measures. Reasons for final saving were stated to be non-achievement of targets fixed.
11.	26—Tribal Welfare Department	1038.38 (23)	Reasons for final saving have not been intimated (March 1994).
12.	27—Welfare of Scheduled Castes Department	334.10 (40)	Saving of Rs. 149.72 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of the actuals. Reasons for final saving have not been intimated (March 1994).

Sl. No.	Number and name of grant	Amount of savings and its percentage to the provision	Reasons for savings
(1)	(2)	(3)	(4)

(Rupees in lakhs)

13.	29—Rehabilitation Department	201.35 (23)	Saving of Rs. 5.10 lakhs was anticipated and surrendered which was stated to be due to decrease in number of refugees evaluation. Reasons for final saving have not been intimated (March 1994).
14.	30—Fisheries Department	134.72 (18)	Reasons for final saving have not been intimated (March 1994).
15.	32—Industries Department	213.74 (24)	Saving of Rs. 131.50 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).
16.	35—Agriculture Department	982.00 (31)	Saving of Rs. 595.33 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).
17.	36—Animal Husbandry Department	185.85 (19)	Saving of Rs. 43.15 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).

Sl. No.	Number and name of grant	Amount of savings and its percentage to the provision	Reasons for savings
(1)	(2)	(3)	(4)
(Rupees in lakhs)			
18.	37—Forest Department	222.61 (15)	Saving of Rs. 11.33 lakhs was anticipated and surrendered which was stated to be due to economy measures. Reasons for final saving have not been intimated (March 1994).
19.	38—Rural Development Department	439.11 (21)	Saving of Rs. 140.34 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).
20.	39—Rural Development Department	111.92 (22)	Saving of Rs. 14.90 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals and economy drive ordered by the Government. Reasons for final saving have not been intimated (March 1994).
21.	41—Local Self Government Department	221.96 (35)	Saving of Rs. 163.00 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).

Sl. No.	Number and name of grant	Amount of savings and its percentage to the provision	Reasons for savings
(1)	(2)	(3)	(4)

(Rupees in lakhs)

22.	43—Labour and Employment Department	25.15 (15)	Saving of Rs. 4.76 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving saving have not been intimated (March 1994).
23.	45—Finance Department	1709.76 (43)	Reasons for saving of Rs. 275.20 lakhs were stated to be due to receipt and finalisation of lesser number of pension cases than anticipated. Reasons for final saving in respect of the balance amount were stated to be due to non-receipt of terms and conditions of payment of interest from various Ministries/Departments (March 1994).
24.	47—Department of Science, Technology and Environment Department	29.97 (35)	Reasons for final saving have not been intimated (March 1994).
25.	48—Tribal Rehabilitation in Plantation and Primitive Group Programme	49.85 (14)	Reasons for final saving have not been intimated (March 1994).

Sl. No.	Number and name of grant	Amount of savings and its percentage to the provision	Reasons for savings
(1)	(2)	(3)	(4)
(Rupees in lakhs)			
26.	49—Horticulture Department	209.78 (18)	Saving of Rs. 6.00 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).
27.	50—Education (School) Department	1334.66 (11)	Saving of Rs. 182.06 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).
28.	51—Education (Sports) Department	79.88 (40)	Saving of Rs. 1.37 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).
29.	52—Industries (Handloom and Sericulture) Department	235.47 (34)	Saving of Rs. 73.06 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).

Sl. No.	Number and name of grant	Amount of savings and its percentage to the provision	Reasons for savings
(1)	(2)	(3)	(4)

(Rupees in lakhs)

Capital Section (Voted)

30.	13—Co-operative Department	135.72 (44)	Saving of Rs. 69.00 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).
31.	17—Electricity Department	1715.56 (36)	Saving of Rs. 515.00 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).
32.	19—Irrigation and Flood Control Department	426.63 (18)	Saving of Rs. 233.20 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).
33.	28—Food and Civil Supplies Department	4899.09 (45)	Saving of Rs. 3,660.00 lakhs was anticipated and surrendered which was stated to be due to economy in expenditure. Reasons for final saving have not been intimated (March 1994).

Sl. No.	Number and name of grant	Amount of savings and its percentage to the provision	Reasons for savings
(1)	(2)	(3)	(4)
(Rupees in lakhs)			
34.	34—Industries Department	161.50 (23)	Saving of Rs. 3.00 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).
35.	35—Agriculture Department	316.87 (35)	Reasons for final saving have not been intimated (March 1994).
36.	41—Local Self Government Department	118.00 (69)	Saving of Rs. 150.00 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals. Reasons for final saving have not been intimated (March 1994).
37.	47—Department of Science, Technology and Environment	40.34 (40)	Reasons for final saving have not been intimated (March 1994).
38.	48—Tribal Rehabilitation in Plantation and Primitive Group Programme	2000.00 (100)	Saving of Rs. 2000.00 lakhs was anticipated and surrendered which was stated to be due to re-assessment of requirement on the basis of actuals.
39.	49—Horticulture Department	40.00 (100)	Reasons for final saving have not been intimated (March 1994).
40.	51—Education (Sports) Department	150.00 (100)	Reasons for final saving have not been intimated (March 1994).

2.2.3 Significant cases of saving under Centrally Sponsored Schemes (CSS) and State Plans (SP)

In the following cases, substantial savings not less than Rs. 25 lakhs each had occurred owing to non-implementation or slow implementation of Plan Schemes:

Sl. No.	Number and name of grant	Name of the Scheme	Total Provision	Amount of Savings	Percentage of Saving to the provision
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in lakhs)					
Revenue Section (Voted)					
1.	22—Medical Department	(i) National Malaria Eradication Programme (CSS)	90.00	62.86	70
		(ii) National Leprosy Eradication Programme (CSS)	78.95	25.90	33
		(iii) State Drug Control Machinery (CSS)	25.00	25.00	100
2.	26—Tribal Welfare Department	(i) Assistance to Public Sector and other undertaking (CSS)	48.23	48.23	100
		(ii) Education (CSS)	45.80	32.55	71
		(iii) Special Central Assistance (CSS)	468.90	106.53	23
		(iv) Other Expenditure (CSS)	256.39	143.71	56
3.	27—Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	(i) Special Central Assistance for Scheduled Castes Component (CSS)	75.00	26.05	35
		(ii) Welfare of Backward Classes Economic Development (SP)	45.96	45.96	100

Sl. No.	Number and name of grant	Name of the Scheme	Total Provision	Amount of Savings	Percentage of Saving to the provision
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(1)	(2)	(3)	(4)	(5)	(6)
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(Rupees in lakhs)

4.	35—Agriculture Department	(i) Other expenditure Scheme for National Water Shed Development Project for rainfed area (CSS)	60.00	29.23	49
		(ii) Manures and Fertilisers Project for Popularisation of Manures and Fertilisers (SP)	410.00	111.63	27
		(iii) Plant Protection (SP)	35.00	31.55	90
5.	38—Rural Development Department	(i) Training TRYSEM (CSS)	122.11	98.11	80
		(ii) Subsidy to District Rural Development Agencies-IRDP-grants-in-aid (SP)	332.77	41.04	12
		(iii) State Rural Employment Programme (SP)	525.00	62.19	12
6.	39—Rural Development Department	Rural Water Supply Programme-Sinking of Tube-wells (CSS)	50.00	50.00	100
7.	41—Local Self Government Department	Assistance to Notified Area Authorities for implementation of Centrally Sponsored Schemes (CSS)	50.00	50.00	100
8.	50—Education (School) Department	(i) Other expenditure (CSS)	56.18	54.61	97
		(ii) Mid-day-Meals (SP)	364.00	154.00	42

Sl. No.	Number and name of grant	Name of the Scheme	Total Provision	Amount of Savings	Percentage of Saving to the provision
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(1)	(2)	(3)	(4)	(5)	(6)
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(Rupees in lakhs)

9.	51—Education (Sports) Department	Development of Infrastructure Games and Sports (CSS)	150.00	150.00	100
10.	52—Industries (Handloom and Sericulture) Department	(i) Handloom Industries (CSS)	119.09	55.88	47

Capital Section (Voted)

11.	19—Irrigation and Flood Control Department	(i) Accelerated water supply schemes Construction (CSS)	415.00	64.37	16
		(ii) Rural Water Supply Schemes (State Plan Scheme)	114.00	78.10	69
		(iii) Urban sanitation services (SP)	40.00	38.20	96

2.2.4 Persistent savings

Persistent savings exceeding 10 *per cent* of the provision and Rs. 25 lakhs each were noticed during the last 3 years in the following voted grants:

Sl. No.	Number and name of grant	Amount of saving (Percentage of saving)
(1)	(2)	(3)

(Rupees in lakhs)

		1990-91	1991-92	1992-93
Revenue Section (Voted)				
1.	5—Revenue Department (Social and Community Services)	281.92 (44)	103.65 (13)	266.65 (38)

Sl. No.	Number and name of grant	Amount of saving (Percentage of saving)		
(1)	(2)	(3)		
		(Rupees in lakhs)		
		1990-91	1991-92	1992-93
Revenue Section (Voted)				
2.	27—Welfare of Scheduled Castes Department	155.88 (29)	192.02 (25)	334.10 (40)
3.	32—Industries Department	319.07 (37)	88.84 (11)	213.74 (24)
4.	37—Forest Department	444.46 (27)	308.47 (17)	222.61 (15)
5.	45—Finance Department	756.10 (29)	711.48 (26)	1709.76 (43)
Capital Section (Voted)				
6.	13—Co-operation Department	223.75 (62)	66.94 (20)	135.72 (44)
7.	34—Industries Department	345.54 (47)	90.75 (15)	161.50 (23)

2.2.5 Significant cases of Excess

In the following grants/appropriations, the expenditure during the year exceeded the approved provision by more than Rs. 25 lakhs and more than 10 per cent of the total provision:

Sl. No.	Number and name of grant	Amount of excess and its percentage to the provision	Reasons for excess
(1)	(2)	(3)	(4)
		(Rupees in lakhs)	
Revenue Section (Voted)			
1.	7—Administrative Reforms Department	34.54 (150)	Reasons for excess have not been intimated (March 1994).

Sl. No.	Number and name of grant	Amount of excess and its percentage to the provision	Reasons for excess
(1)	(2)	(3)	(4)
(Rupees in lakhs)			
2.	14—Public Works Department	991.71 (26)	Reasons for excess have not been intimate (March 1994).
Capital Section (Voted)			
3.	15—Public Works Department	175.61 (25)	Reasons for excess have not been intimated (March 1994).
Capital Section (Charged)			
4.	46—Finance Department (Capital)	7474.52 (343)	Reasons for excess have not been intimated (March 1994)

2.2.6 Persistent Excesses

Persistent excesses of more than 10 *per cent* of the provision and Rs. 25 lakhs each were noticed during the last three years in the following grants:

Sl. No.	Number and name of grant	Amount of excess (Percentage of excess)		
(1)	(2)	(3)		
(Rupees in lakhs)				
Capital Section (Charged)				
1.	46—Finance Department (Capital)	5337.04 (403)	726.91 (37)	7474.52 (343)

2.2.7 Unnecessary, inadequate and excessive supplementary grants

2.2.7.1 A few instances where supplementary grants of Rs. 13.48 crores were obtained proved unnecessary as the actual expenditure was less than even the original grant are indicated in the following table:

Sl. No.	Number and name of grant	Final grant O—Original S—Supplementary	Actual expenditure	Saving (-)
(1)	(2)	(3)	(4)	(5)

(Rupees in crores)

1.	5—Revenue Department— Social and Community Services (Revenue—Voted)	O— 6.77 S— 0.24	4.35	(-) 2.67
2.	6—Revenue Department— Administrative Services (Revenue—Voted)	O— 3.86 S— 0.04	3.86	(-) 0.04
3.	17—Electricity Department (Revenue—Voted)	O—23.67 S— 1.99	20.33	(-) 5.33
4.	18—Irrigation and Flood Control Department (Revenue—Voted)	O—23.47 S— 0.75	16.52	(-) 7.70
5.	20—Education Department (Higher) (Revenue—Voted)	O—11.16 S— 0.37	10.67	(-) 0.86
6.	21—Education Department (Social) (Revenue—Voted)	O—17.78 S— 0.06	15.09	(-) 2.75
7.	24—Information, Cultural Affairs and Tourism (Revenue—Voted)	O— 3.57 S— 0.35	3.57	(-) 0.35
8.	26—Tribal Welfare Department (Revenue—Voted)	O—40.67 S— 4.95	35.24	(-)10.38
9.	30—Fisheries Department (Revenue—Voted)	O— 7.41 S— 0.09	6.15	(-) 1.35

Sl. No.	Number and name of grant	Final grant O—Original S—Supplementary	Actual expenditure	Saving (-)
(1)	(2)	(3)	(4)	(5)
(Rupees in crores)				
10.	35—Agriculture Department (Revenue—Voted)	O—31.07 S— 0.11	21.36	(-) 9.82
11.	36—Animal Husbandry Department (Revenue—Voted)	O— 9.63 S— 0.34	8.11	(-) 1.86
12.	37—Forest Department (Revenue—Voted)	O—14.37 S— 0.26	12.40	(-) 2.23
13.	38—Rural Development Department (Revenue—Voted)	O—19.82 S— 1.10	16.53	(-) 4.39
14.	39—Rural Development Department (Revenue—Voted)	O— 4.62 S— 0.50	4.00	(-) 1.12
15.	45—Finance Department (Charged)	O—59.81 S— 1.74	58.72	(-) 2.83
16.	48—Tribal Rehabilitation in Plantation and Primitive Group Programme (Revenue—Voted)	O— 2.99 S— 0.48	2.98	(-) 0.50
17.	49—Horticulture Department (Revenue—Voted)	O—11.49 S— 0.09	9.48	(-) 2.10
18.	52—Industries (Handloom and Sericulture) Department (Revenue—Voted)	O— 6.87 S— 0.02	4.54	(-) 2.35

2.2.7.2 Some instances where supplementary grants of Rs. 0.96 crore obtained proved inadequate are tabulated below:

Sl. No.	Number and name of grant	Final grant O—Original S—Supplementary	Actual expenditure	Excess (+)
(1)	(2)	(3)	(4)	(5)

(Rupees in crores)

1.	7—Administrative Reforms Department (Revenue—Voted)	O— 0.22 S— 0.01	0.58	(+) 0.35
2.	46—Finance Department (Capital—Charged)	O—20.81 S— 0.95	96.51	(+)74.75

2.2.7.3 Instances where supplementary grants obtained proved excessive are also shown in the following table:

Sl. No.	Number and name of grant	Final grant O—Original S—Supplementary	Actual expenditure	Saving (-)
(1)	(2)	(3)	(4)	(5)

(Rupees in crores)

1.	11—Home (Police) Department (Revenue—Voted)	O—48.50 S— 4.96	52.51	(-) 0.95
2.	24—Information, Cultural Affairs and Tourism (Revenue—Voted)	O— 3.57 S— 0.35	3.57	(-) 0.35

2.2.8 Unnecessary/inadequate re-appropriation

Re-appropriation is transfer of funds within a grant, from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Re-appropriation is permissible

where there is a definite or reasonable possibility of saving under the unit from which funds are proposed to be re-appropriated. Scrutiny of re-appropriation orders revealed non-observance of this requirement in certain cases. Instances of such re-appropriation of funds amounting to Rs. 20 lakhs or more which resulted in unnecessary saving are detailed in Appendix 2. Inadequate re-appropriation involving Rs. 20 lakhs or more are shown in Appendix 3.

2.2.9 Surrender of saving

(a) The Rules require that all anticipated savings should be surrendered as soon as the possibility of saving is envisaged. Though the total saving under 49 grants was Rs. 215.36 crores, Rs. 89.97 crores were surrendered at the fag end of the year (March 1993).

(b) In the following grants, savings exceeding Rs. 50 lakhs each were not surrendered:

Sl. No.	Number and name of grant	Total grant	Total saving	Amount not surrendered (percentage to total saving)
(1)	(2)	(3)	(4)	(5)

(Rupees in lakhs)

Revenue Section (Voted)				
1.	5—Revenue Department—Social and Community Services	701.25	266.65	266.65 (100)
2.	11—Home (Police) Department	5346.00	95.00	95.00 (100)
3.	13—Co-operation Department	487.45	108.21	81.30 (75)
4.	17—Electricity Department	2565.48	532.76	532.76 (100)
5.	18—Irrigation and Flood Control Department	2421.80	770.26	770.26 (100)
6.	20—Education Department (Higher)	1153.00	86.22	86.22 (100)

Sl. No.	Number and name of grant	Total grant	Total saving	Amount not surrendered (percentage to total saving)
(1)	(2)	(3)	(4)	(5)
(Rupees in lakhs)				
7.	22—Medical Department	2663.04	537.06	331.22 (62)
8.	26—Tribal Welfare Department	4562.01	1038.38	1038.38 (100)
9.	27—Welfare of Scheduled Castes Department	840.19	334.10	184.38 (55)
10.	29—Rehabilitation Department	882.00	201.35	196.25 (97)
11.	30—Fisheries Department	749.70	134.72	134.72 (100)
12.	32—Industries Department	906.00	213.74	82.24 (38)
13.	35—Agriculture Department	3118.45	982.00	386.67 (39)
14.	36—Animal Husbandry Department	997.45	185.85	142.70 (77)
15.	37—Forest Department	1463.25	222.61	211.28 (95)
16.	38—Rural Development Department	2092.11	439.11	298.76 (68)
17.	39—Rural Development Department	511.90	111.92	97.02 (87)

Sl. No.	Number and name of grant	Total grant	Total saving	Amount not surrendered (percentage to total saving)
(1)	(2)	(3)	(4)	(5)
				(Rupees in lakhs)
18.	41—Local Self Government Department	636.00	221.96	58.96 (27)
19.	45—Finance Department	3972.00	1709.76	1709.76 (100)
20.	49—Horticulture Department	1157.94	209.78	203.78 (97)
21.	50—Education (School) Department	12032.34	1334.66	1152.60 (86)
22.	51—Education (Sports) Department	197.50	79.88	78.51 (98)
23.	52—Industries (Handloom and Sericulture) Department	689.40	235.47	162.41 (69)
	Revenue Section (Charged)			
24.	45—Finance Department	6155.94	283.48	283.48 (100)
	Capital Section (Voted)			
25.	13—Co-operation Department	308.75	135.72	66.72 (49)
26.	16—Public Works Department (Roads and Bridges)	2867.00	287.74	146.74 (51)
27.	17—Electricity Department	4740.00	1715.56	1200.56 (70)

Sl. No.	Number and name of grant	Total grant	Total saving	Amount not surrendered (percentage to total saving)
(1)	(2)	(3)	(4)	(5)
(Rupees in lakhs)				
28.	19—Irrigation and Flood Control Department	2320.60	426.63	193.43 (45)
29.	28—Food and Civil Supplies Department	10914.00	4899.09	1239.09 (25)
30.	34—Industries Department	699.00	161.50	158.50 (98)
31.	35—Agriculture Department	900.00	316.87	316.87 (100)
32.	51—Education (Sports) Department	150.00	150.00	150.00 (100)

(c) In the following cases the amounts surrendered were far in excess of the saving actually available for surrender:

Sl. No.	Number and name of grant	Total saving	Total amount surrendered	Amount surrendered in excess
(1)	(2)	(3)	(4)	(5)
(Rupees in lakhs)				
1.	28—Food and Civil Supplies Department (Revenue—Voted)	12.38	13.15	0.77
2.	41—Local Self Government Department (Capital—Voted)	118.00	150.00	32.00

(d) In the following grants, amount were surrendered though expenditure exceeded the total provision in each case:

Sl. No.	Number and name of grant	Total excess	Amount surrendered
(1)	(2)	(3)	(4)
		(Rupees in lakhs)	
1.	14—Public Works Department (Revenue—Voted)	991.71	44.91
2.	15—Public Works Department (Capital—Voted)	175.61	25.45

2.2.10 Reconciliation of departmental figures

In order to ensure effective control over expenditure and to detect cases of possible fraudulent/irregular withdrawal from treasuries, the Departmental Officers are required to reconcile periodically and before the close of the accounts for a year, the departmental figures of expenditure with those booked in the Office of the Accountant General. Out of the 113 Controlling Officers, 22 Controlling Officers carried out partial reconciliation and 16 Controlling Officers did not carry out the reconciliation during 1992-93 involving Rs. 286.79 crores.

2.2.11 Trend of recoveries and credits

Under the system of gross budgeting followed by Government, the demands for grants presented to Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the Budget Estimates.

During 1992-93, such recoveries were estimated at Rs. 158.05 crores (Revenue: Rs. 26.50 crores and Capital: Rs. 131.55 crores). Actual recoveries during the year were, however, Rs. 111.47 crores (Revenue: Rs. 25.23 crores and Capital: Rs. 86.24 crores).

A few significant cases of shortfall/excess in recoveries are detailed below:

Sl. No.	Number and name of grant	Budget estimate	Actual	Amount of shortfall/excess as compared to estimates
(1)	(2)	(3)	(4)	(5)
		(Rupees in crores)		
1.	11—Home (Police) Department (Revenue)	2.24	—	(-) 2.24
2.	14—Public Works Department (Revenue)	14.70	21.83	(+) 7.13
3.	17—Electricity Department (Revenue and Capital)	13.15	7.40	(-) 5.75
4.	18—Irrigation and Flood Control Department (Revenue)	9.00	3.38	(-) 5.62
5.	28—Food and Civil Supplies Department (Capital)	109.00	72.01	(-)36.99
6.	35—Agriculture Department (Capital)	9.00	6.71	(-) 2.29

2.2.12 Non-receipt of explanation for saving/excess

After the close of each financial year, detailed appropriation accounts showing the final grant/appropriation, the actual expenditure and the resultant variation are sent to the Controlling Officer, requiring them to explain the variation in general and those under important sub-heads in particular. It was, however, seen that for the Appropriation Accounts 1992-93, explanations for variations were not received (February 1994) from 50 out of 166 Controlling Officers.

2.2.13 *Rush of expenditure*

The Financial rules require that Government expenditure be evenly phased out throughout the year as far as practicable. Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. Notwithstanding this, expenditure was found to be substantial only in the month of March 1993 in the following cases indicating that the purpose was to prevent lapse of funds.

Sl. No.	Number and name of grant	Total provision	Total expenditure	Expenditure during March	Percentage of expenditure during March to	
					Total provision	Total expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(In lakhs of rupees)

Revenue Section

1.	13—Co-operation Department	487.45	379.24	169.69	35	45
2.	26—Tribal Welfare Department	4526.01	3523.63	1457.36	32	41
3.	27—Welfare of Scheduled Castes Department	840.19	506.09	248.34	30	49
4.	32—Industries Department	906.00	692.26	248.26	27	36
5.	47—Department of Science, Technology and Environment	86.00	56.03	37.86	44	68
6.	49—Horticulture Department	1160.74	951.10	307.36	26	32

Capital Section

7.	13—Co-operation Department	308.75	173.03	157.83	51	91
8.	34—Industries Department	699.00	537.50	230.00	33	43
9.	37—Forest Department	50.00	50.00	50.00	100	100
10.	41—Local Self Government Department	170.00	52.00	30.00	18	58
11.	47—Department of Science, Technology and Environment	100.00	59.66	36.65	37	61

CHAPTER III
CIVIL DEPARTMENTS

FOOD AND CIVIL SUPPLIES DEPARTMENT

3.1 Loss due to unscientific storage

Test check of the records of the Director of Food and Civil Supplies for the period from April 1991 to June 1992 revealed (July 1992) that Central Stores, Arundhutinagar, despatched 138.1 tonnes of common boiled (CB) rice and 197.1 tonnes of superfine (SF) rice to Ambassa godown during October and November 1990 respectively, even though the stock of rice in Ambassa godown at that time had exceeded its storage capacity of 1000 tonnes. The additional quantities received were stored on open floor without any dunnage or polythene. As a result the bottom layer of stock got damaged due to absorption of moisture. After technical examination conducted in May and June 1991, 6.16 tonnes of CB rice valued at Rs. 0.18 lakh and 17.86 tonnes of SF rice valued at Rs. 0.56 lakh were identified as damaged.

Thus, due to unscientific storage, Government had to incur a loss of Rs. 0.74 lakh.

Government to whom the matter was referred in August 1993 and again in December 1993, while admitting the fact stated (June 1994) that the loss was due to bulk procurement from FCI by the State Government to build up their buffer stock for the lean period. But nothing was spelt out as to why arrangement for dunnage or similar covering materials could not be made for storing such huge stock.

3.2 Non-recovery of extra cost on balance work

Government approved (July 1991) Tripura Truck Owners' Association (Firm A) and Tripura Truck Operators' Association (Firm B) as transport contractors for carriage of foodgrains from Food Corporation of India (FCI) depots situated at Dharmanagar/Choraibari to Central Stores at Arundhutinagar, Agartala, for the year 1991-92. On the basis of competitive tenders, the rate accepted was Rs. 23.29 per quintal. Work orders were issued to Firm A (September 1991) for lifting 2000 tonnes of rice by 30th September 1991 and to Firm B (October 1991) for lifting 1000 tonnes of rice by 31st October 1991 from Choraibari to Agartala. After carrying 287 tonnes and 495 tonnes of rice respectively, the firms expressed their inability to carry the balance quantities at the accepted rate due to increase in prices of fuel, wages etc. and stopped further lifting of foodgrains in October 1991.

As per terms of the agreements (August 1991) Government had right to get the works done through any other party in case of their failure to complete the work at the risk and cost of the contracted firm. Scrutiny of records (July 1992 and July 1993) revealed that the Department arranged to get the supply continued for the remaining period of 1991-92 through a third firm (Tripura Truck Owners' Syndicate, Agartala, who was the second lowest tenderer) at a higher negotiated rate of Rs. 26.50 per quintal without calling fresh tenders which was approved by Government in February 1992. As a result, extra expenditure of Rs. 0.71 lakh had to be incurred for carrying 2218 tonnes of rice at an excess rate of Rs. 3.21 per quintal, which stood recoverable from firms A and B in total.

It was seen from the records that security deposits amounting to Rs. 13,974 made by both the firms in August 1991 were forfeited by the Department in December 1991 but the balance amount of Rs. 0.48 lakh from firm A and Rs. 0.09 lakh from firm B was not recovered (April 1994).

Director of Food and Civil Supplies stated in March 1993 that the matter regarding recovery of the balance amount had been taken up with the Government in November 1991 but their decision was not received (March 1993).

Thus, Rs. 0.57 lakh remained unrecovered from the defaulting carriers (April 1994).

Government to whom the matter was referred in August 1993 and again in December 1993, while admitting the fact, stated (June 1994) that it was decided to recover the loss from the contractors and the Director of Food and Civil Supplies was directed to act accordingly. Further development was awaited (June 1994).

FISHERIES DEPARTMENT

3.3 Unrealised lease rent

The Department leases out water areas owned by Government to individuals/groups of fishermen or unemployed youth/Co-operative Societies/Voluntary Organisations etc. As per Government guidelines the respective Superintendents of Fisheries were required to execute lease deeds with the lessees. The lessees were required to pay 25 *per cent* to 50 *per cent* of the total lease rent in advance at the time of execution of the agreement and the balance during the period of its currency, failing which the water areas were to be taken back by the Department and recovery of balance dues made as arrears of land revenue along with penal interest at the rate of 10 *per cent*.

Scrutiny of the records of the Superintendent of Fisheries, Sadar, revealed that 15.86 hectares of water areas in 6 lakes/tanks/ponds were leased out to 6 lessees between September 1989 and June 1993, without execution of any lease deed. In another 10 cases 13.154 hectares of water areas occupied by lessees against lease deeds executed between January 1989 and October 1990 were not vacated by them even after expiry of the lease period (between January 1990 and October 1991) resulting in arbitrary/illegal possession of the aforesaid water areas. Thus, an amount of Rs. 0.54 lakh being the lease rent recoverable in respect of 15.86 hectares for the period from September 1989 and June 1993 and another amount of Rs. 0.53 lakh on 13.154 hectares of water areas against the period of possession between January 1991 and June 1993 remained unrealised apart from the penal interest of Rs. 0.14 lakh on the unrealised lease rent.

The Department failed to enforce recovery of lease rent legally in respect of 15.86 hectares with penalty due to non-execution of lease deeds. In respect of 13.154 hectares the Department failed to renew the lease deeds for extended periods and also to get the areas vacated from the defaulters after the expiry of lease. The progress of recovery was negligible as only an amount of Rs. 0.33 lakh had been deposited up to April 1994 against the claim of Rs. 1.54 lakhs.

Thus, a total revenue of Rs. 1.21 lakhs remained unrealised as of May 1994.

Government to whom the matter was referred in October 1993 and again in March 1994 while admitting the fact stated (May 1994) that the concerned water areas had been taken over by the Department and all efforts were being made to realise the outstanding lease rent.

LOCAL SELF GOVERNMENT DEPARTMENT

3.4 Nehru Rozgar Yojana

3.4.1 Introduction

Nehru Rozgar Yojana (NRY) was launched by Government of India in October 1989 and re-cast in March 1990. This is a Centrally Sponsored Scheme with the objective of providing employment to the unemployed and underemployed urban poor.

The three main components of NRY are:

(i) Scheme of Urban Micro-Enterprises (SUME) designed to encourage unemployed and underemployed urban poor to take up self employment ventures with loan and subsidy provided to them and

with necessary infrastructural support (i.e. training) for upgradation of technical and commercial skills.

(ii) Scheme of Urban Wage Employment (SUWE) designed to provide wage employment to the urban poor by utilising their labour for creation of socially and economically useful public assets (namely low cost water supply, flush community latrines, drainage related earth works, community facilities, etc.) in the jurisdiction of urban local bodies.

(iii) Scheme of Housing and Shelter Upgradation (SHASU), in low income neighbourhoods mainly for the urban poor and training and infrastructure support for promotion of construction skills among the beneficiaries.

These schemes were introduced in Tripura in 1989-90.

Identification of beneficiaries: The Yojana envisaged identification of beneficiaries by urban local bodies. The identified beneficiaries were to receive training in the trade for which there was a demand in the municipal notified areas.

Special Target Group: While the target groups of the Yojana were the urban poor, women beneficiaries and beneficiaries belonging to the scheduled castes and scheduled tribes were to constitute special target group. 30 per cent of the beneficiaries under the scheme of micro-enterprises and housing and shelter upgradation were required to be women. Funds proportionate to SCs/STs share in urban population were to be earmarked for those beneficiaries.

3.4.2 Organisational set-up

The Secretary, Local Self Government, Government of Tripura, was nominated as the nodal officer, responsible for planning, implementation, monitoring and evaluation of the scheme. The schemes under NRY were implemented in Tripura by one Municipality and eleven Notified Area Authorities. A District Nehru Rozgar Yojana Committee was set up (April 1990) in each of the three Districts with the District Magistrate and Collector of the respective District as Chairperson for co-ordination and implementation of the programme. The Town and Country Planning Organisation was nominated as the nodal agency for implementation and monitoring of the Scheme of Housing and Shelter Upgradation (SHASU) in the notified areas whereas Agartala Municipality was nominated as the nodal agency for implementation and monitoring of the said scheme in the case of municipal areas.

3.4.3 Audit Coverage

The records of the Local Self Government Department, 3 District Magistrates and Collectors, 1 Municipality and 8 out of 11 Notified Area Authorities for the period from 1989-90 to 1992-93 were test-checked by audit during the period from March to May 1993. Important Audit findings are given in the succeeding paragraphs:

3.4.4 Highlights

—State share of fund for Rs. 19.18 lakhs was short released under NRY.

(Paragraph 3.4.5.4)

—There was delay in release of Rs. 70.76 lakhs by the nodal agency (Local Self Government Department).

(Paragraph 3.4.5.5)

—Rupees 8.21 lakhs from Urban Micro-Enterprises Scheme and Rs. 29.09 lakhs from the Urban Wage Employment Scheme were diverted for other purposes during the period from 1990-91 to 1992-93.

(Paragraphs 3.4.6.1, 3.4.7.3 and 3.4.3.1)

—Though, an expenditure of Rs. 15.70 lakhs was incurred in excess of the fund received under Wage Employment Schemes, the avenues for generating employment opportunities were reduced by 33,000 mandays during the period from 1990-91 to 1992-93.

(Paragraph 3.4.9)

—Rupees 8.01 lakhs were retained by the Agartala Municipality due to non-implementation of Housing and Shelter Upgradation Scheme during the period from 1990-91 to 1992-93.

(Paragraph 3.4.9(i))

—Training programme under Housing and Shelter Upgradation Scheme was not implemented during the period from 1989-90 to 1992-93 even though Rs. 4.52 lakhs were released to HUDCO by the Government of India for this purpose.

(Paragraph 3.4.9(ii))

3.4.5 Funding pattern

The expenditure on NRY was to be shared between the Central Government and State Government as follows:

(i) SUME: Bank loan 75 per cent; subsidy 25 per cent, per case to be shared between the Central Government and the State Government on a 50 : 50 basis.

Expenditure on training and infrastructure was to be borne entirely by the Central Government.

(ii) SUWE: Expenditure had to be shared between the Central Government and the State Government in the ratio of 80 : 20.

(iii) SHASU: Loans from Housing and Urban Development Corporation (HUDCO) 75 per cent; subsidy 25 per cent to be shared between Government of India and the State Government under the ratio of 80 : 20.

Expenditure on training and infrastructure was to be borne fully by the Central Government.

The Financial pattern of the NRY was changed from 1992-93 and the expenditure was to be shared between the Central and State Government on 60 : 40 basis for all schemes and their components.

3.4.5.1 Survey and Planning

The guidelines of the Nehru Rozgar Yojana (NRY) envisaged conducting of baseline survey by Urban Local Bodies to identify the urban poor living below the poverty line and giving adequate publicity in neighbourhood areas to the list prepared. The Urban Local Bodies did not make any survey to identify the beneficiaries and the list of the beneficiaries was also not given wide publicity in the neighbourhood.

The Local Self Government Department did not undertake proper planning and co-ordination to implement the scheme. A shelf of projects based on the felt need of the people was also not drawn before launching of the scheme.

4.5.2 Physical targets and achievements

Targets were not fixed by the nodal department during the year 1989-90 and 1990-91 due to lack of proper planning for implementation of the NRY. From 1991-92 onwards year-wise targets were fixed except in respect of the training programme under the Housing and Shelter Upgradation Scheme. The Department had reported to the Government of India, Ministry of Urban Development in March 1993 in their progress report showing the targets and achievements made during the period from 1989-90 to 1992-93 as under:

Name of the Scheme	Year	Target	Achievement
		(In number of beneficiaries)	
(i) SUME			
(a) Subsidy: up to	1990-91	Not fixed	41
	1991-92	320	279
	1992-93	595	147

Name of the Scheme	Year	Target	Achievement
		(In number of beneficiaries)	
(b) Training: up to	1990-91	Not fixed	141
	1991-92	251	110
	1992-93	299	68
(ii) SHASU			
(a) Subsidy: up to	1991-92	Not fixed	Nil
	1992-93	1000	Nil
(b) Training:		Not fixed	Nil
(iii) SUWE			
Generation of mandays: up to	1990-91	Not fixed	93259
	1991-92	50000	40245
	1992-93	28828	2659

Although achievement of 467 numbers was reported to the Government of India between the year 1989-90 and 1992-93 in the subsidy component under Micro-Enterprises Schemes, the actual achievement was far less than the number reported to the Government of India. The Department had reported the number of beneficiaries for whom subsidy was deposited with the banks and not the actual number of persons to whom subsidy was disbursed.

The records revealed that no targets for training under SHASU were fixed until March 1993 and achievement was also not made under the scheme due to non-furnishing of Annual Training Calendar to Housing and Urban Development Corporation (HUDCO) by the Agartala Municipality despite release of funds worth Rs. 4.52 lakhs by the Government of India to HUDCO during the years 1989-90 to 1992-93 for this purpose. The funds released to HUDCO thus remained idle.

3.4.5.3 Release of funds by the Central and State Governments

A total amount of Rs. 176.93 lakhs was released (Rs. 138.05 lakhs) by the Central Government and (Rs. 38.88 lakhs) by the State Government as Central and State share of assistance, between 1989-90 to 1992-93, for implementation of NRY. The scheme-wise and year-wise details are given in annexure 'A'.

The Central share of NRY funds amounting to Rs. 14.63 lakhs for Housing and Shelter Upgradation Scheme was passed on to HUDCO by Central Government during the period from 1989-90 to 1992-93.

3.4.5.4 Short release of Rs. 19.18 lakhs being the State Share for NRY

As per financial pattern of the NRY, the State Government had to make available its share of funds within three weeks from the date of release of share by the Central Government. Scrutiny of the records

revealed that against the share of Rs. 58.06 lakhs, the State Government released only Rs. 38.88 lakhs during the period from 1989-90 to 1992-93 as shown in annexure 'B'.

The ratio of Central and State Government share was 50:50 in respect of SUME, while it was 80:20 in respect of SUWE and SHASU, and in respect of Administrative and operational expenses (A & OE) the ratio between Central and State Government was 50:50 for SUME and 80:20 for SUWE and SHASU during the period from 1989-90 to 1991-92. The ratio of share between Central and State Government in respect of all the schemes and components was 60:40 during 1992-93.

The reasons for shortfall in release of Rs. 19.18 lakhs being the State share required for NRY during the period from 1989-90 to 1992-93 were mainly inadequate financial resources of the State as stated by the Secretary, Local Self Government Department, during discussion held in August 1993.

3.4.5.5 Delay in release of fund by nodal agency (Local Self Government Department)

Besides, there were delays ranging from more than 3 months to 1 year in releasing the Central assistance of Rs. 70.76 lakhs to the implementing agency as shown below:

Name of the scheme	Year	Period of delay	Amount (Rupees in lakhs)
SUME			
(a) Subsidy	1989-90	More than 3 months	5.55
(b) Training and infrastructure support	1989-90	-do-	2.10
SUWE			
Grants	-do-	-do-	41.80
Administrative and Operational expenses	-do-	-do-	6.13
Strengthening of urban local bodies	1991-92	More than 6 months	5.00
SUME			
Subsidy	-do-	More than 1 year	5.00
SUWE			
Grants	-do-	-do-	5.18
		Total	<u>70.76</u>

The delay in release of Central assistance was attributed by Government mainly to lack of proper planning.

3.4.5.6 *Placement of funds with implementing agencies and the expenditure thereagainst*

Against the net amount of Rs. 162.30 lakhs (Rs. 176.93 lakhs—Rs. 14.63 lakhs) received from the Central (Rs. 123.42 lakhs) and the State Governments (Rs. 38.88 lakhs), the Local Self Government Department placed Rs. 130.98 lakhs (Central Share Rs. 92.10 lakhs and State share Rs. 38.88 lakhs) with 12 Urban Local Bodies (1 Municipality and 11 Notified Area Authorities) and 2 Non-Government organisations during the period from 1989-90 to 1991-92 for implementation of the NRY programme. The Department also spent a further sum of Rs. 0.44 lakh as Central share being infrastructural charges during the period from 1990-91 to 1992-93 out of the NRY funds. The reason for retention of Central assistance of Rs. 30.88 lakhs {Rs. 162.30—(Rs. 130.98+Rs. 0.44)} by the nodal department was mainly attributed (August 1993) by the Secretary, Local Self Government Department to late receipt of Central grant in 1992-93 (Rs. 20.70 lakhs) and non-release of Rs. 10.18 lakhs by the State Government. Against the releases amounting to Rs. 162.30 lakhs expenditure reported to the Government of India by the nodal agency through the progress reports during the period from 1989-90 to 1992-93 (up to February 1993) was Rs. 115.53 lakhs as per details given below:

(i) SUME	..	Rs.	30.68 lakhs
(ii) SUWE	..	Rs.	76.76 lakhs
(iii) SHASU	..	Rs.	Nil
(iv) A & O E	..	Rs.	8.09 lakhs
			<hr/>
	Total:	Rs.	115.53 lakhs
			<hr/>

Thus, an amount of Rs. 15.89 lakhs (Rs. 130.98—Rs. 115.09) remained unutilised with the Urban Local Bodies and the Non-Governmental organisations up to end of February 1993. Reasons for non-utilisation of funds by the Urban Local Bodies and Non-Government organisations were not placed on record. Lack of adequate monitoring and proper co-ordination between the implementing agencies and the District NRY Committees were found to be the main reasons for non-utilisation of funds.

3.4.6 Scheme of Urban Micro-Enterprises (SUME)

3.4.6.1 Subsidy component

Out of the total release of Rs. 34.70 lakhs (Central share Rs. 20.85 lakhs and State share Rs. 13.85 lakhs), the Local Self Government Department had released Rs. 25.06 lakhs to 12 Urban Local Bodies up to the end of March 1993, for implementation of Micro-Enterprises Scheme, out of the total released Rs. 20.85 lakhs could not be released to the implementing agencies due to late receipt of funds from the Central Government (Rs. 4.10 lakhs) and non-release of the Central share of subsidy (Rs. 5.54 lakhs) by the State Government.

During test-check of the records of 9 Urban Local Bodies (out of 12 bodies) for the period from 1989-90 to 1992-93 it was noticed that subsidy of Rs. 20.65 lakhs was received by these local bodies against which Rs. 12.80 lakhs (62 per cent of the total amount) were deposited in the bank for payment of subsidy to 372 beneficiaries, of this Rs. 1.70 lakhs (13 per cent of the amount deposited to bank) were disbursed by the bank to 84 beneficiaries and the balance Rs. 11.10 lakhs was lying with the bank. Rupees 2.08 lakhs were lying with the Urban Local Bodies, while an amount of Rs. 5.77 lakhs was diverted from SUME to SUWE up to the end of March 1993 as per details given in Annexure 'C'.

Reasons for poor achievement were not explained by the Department. However, scrutiny of records revealed that delay in selection of beneficiaries by the Urban Local Bodies, lack of co-ordination between the implementing agencies and the financial institutions and the reluctance in the payment of bank loans by the banking authorities were the main reasons for the poor achievement.

According to revised guidelines (issued in March 1990) of the NRY, a district level and a State level credit co-ordination committee was to be formed to ensure adequate and timely payment of institutional finance. But no such district level or State level co-ordination committee was formed as of May 1993. The Notified Area Authorities did not carry out any survey to identify the beneficiaries and the list of beneficiaries covered under the scheme was not given wide publicity in the neighbourhood.

As per provisions of the scheme, the Urban Local Bodies were required to open Savings Bank Account for depositing the funds received as subsidy under Micro-Enterprises Scheme. Scrutiny of the records revealed that Notified Area Authorities, Belonia, Amarpur, Sonamura, Teliamura, Khowai and Kumarghat had not opened

Savings Bank Accounts for depositing the funds received as subsidy. None of the Notified Area Authorities had deposited the entire amount of subsidy to the bank account due to lack of adequate knowledge about the scheme. The Local Self Government Department also did not issue any instructions in this regard.

The scheme also envisaged utilisation of 30 *per cent* of the funds meant for Micro-Enterprises Scheme for women. The prescribed norms were not followed by the following Urban Local Bodies:

Name of the urban local bodies	Total amount of subsidy deposited in the bank for disbursement to beneficiaries (In lakhs of rupees)	Amount of subsidy earmarked for disbursement to the women beneficiaries	Percentage of fund for disbursement to women
1. Agartala Municipality	9.63	2.10	22
2. NAA, Udaipur	0.49	0.10	20
3. NAA, Amarpur	1.31	0.09	7
4. NAA, Sonamura	0.07	0.01	4
5. NAA, Kailashahar	0.54	Nil	Nil

3.4.6.2 *Excess payment of subsidy*

As per norms, the ratio between bank loan and subsidy was 75 : 25. The Notified Area Authority, Kumarghat deposited Rs. 0.19 lakh in the State Bank of India, Pabiacherra Branch and sponsored 19 applications for bank loan and payment of subsidy at the rate of Rs.1,000/- each during the year 1991-92. The bank paid Rs. 0.36 lakh as loan and Rs. 0.18 lakh as subsidy to 10 beneficiaries. As a result an excess subsidy of Rs. 0.08 lakh was paid by the bank in contravention of the norms of the scheme.

3.4.7 *Training and infrastructure component*

The scheme envisaged that the District NRY Committee would be the nodal body to organise training in various trades according to local requirements and extend support to training institutions and development of infrastructure. The funds for training and infrastructure made available by the Central Government were to be administered by the District NRY Committee. The records revealed that funds for the training and infrastructure support were not placed at the disposal of District NRY Committee by the Local Self Government Department but were utilised by the Urban Local Bodies without consulting the District NRY Committee. It was provided in the scheme that the training was to be organised in the polytechnics/ITIs/Workshops of Engineering College or through training institutions run by Non-Government organisations (NGOs) as

well as by individual master craftsmen. But training was not organised in any such institutions. In urban areas, the local bodies made their own arrangements to impart training to the beneficiaries by engaging local trainers at their own cost. Therefore, it could not be ensured as to how far the training was effective to the beneficiaries for self-employment ventures.

An amount of Rs. 7.40 lakhs was released by the Central Government for training and infrastructure component under Micro-Enterprises Scheme during the period from 1989-90 to 1992-93 against which a sum of Rs. 8.10 lakhs was provided to 12 Urban Local Bodies by the Local Self Government Department for training and infrastructure components during that period.

Scrutiny of the records of 9 Urban Local Bodies revealed that an amount of Rs. 6.36 lakhs was received by them during the period from 1989-90 to 1992-93 for training and infrastructure support of which Rs. 2.88 lakhs (45 per cent) was spent up to the end of March 1993 as per details given in Annexure 'D'.

Although 220 persons were imparted training in six different trades at a cost of Rs. 2.88 lakhs during the period from 1989-90 to 1992-93 but due to lack of follow up action in respect of the payment of financial assistance and proper co-ordination between the trainees and the local bodies the effectiveness of the training programme was frustrated. The records revealed that out of 220 trained persons, 80 were settled in self-employment ventures mainly in tailoring, wool knitting and cane and bamboo industry while the remaining 140 trained persons were not provided any financial assistance under self-employment programme, and fate of these persons could not be ascertained.

It was seen that during the period from 1989-90 to 1992-93, only 220 persons were given training under Micro-Enterprises Scheme by 7 Notified Area Authorities against 530 persons for which funds were provided. The poor achievement was mainly due to lack of co-ordination with the District NRY Committee and diversion of funds from training to wage-employment scheme.

Agartala Municipality and Notified Area Authority, Udaipur, did not organise any training although 236 (Agartala Municipality 225 and NAA, Udaipur, 11) persons were sponsored by them for bank loan and subsidy.

The Notified Area Authority, Kailashahar did not maintain any Attendance Register for trainers or the trainees although Rs. 0.85 lakh were spent for imparting training to 105 women trainees during the

period from 1990-91 to 1992-93. None of the women trained were sponsored for bank loan or subsidy by the Kailashahar Notified Area Authority.

As per norms 15 per cent of the funds earmarked for training and infrastructure could be spent as infrastructural support to the training institutions. But funds were not placed with any training institution towards such support under the scheme. It was noticed that Rs. 0.40 lakh were spent by 4 Urban Local Bodies for purchase of equipments for training and infrastructure during the period from 1989-90 to 1991-92. But the equipments were lying idle for more than one year.

3.4.7.1 *Unfruitful expenditure*

An expenditure of Rs. 1.58 lakhs was incurred by 3 Notified Area Authorities (Kailashahar: Rs. 0.85 lakh, Amarpur: Rs. 0.58 lakh and Belonia: Rs. 0.15 lakh) for imparting training to 140 trainees (105, 25 and 10 trainees respectively) for different trades but their names were not sponsored by these authorities for bank loan or subsidy to set up small Micro-Enterprises.

The trained persons were not given any financial assistance by the NAAs, for self-employment ventures. The NAAs also did not keep any track of the activities of the trained beneficiaries as such it could not be ascertained whether the expenditure incurred on imparting training served any purpose.

3.4.7.2 *Excess expenditure*

As per guidelines for conducting training under Micro-Enterprises Scheme, the average expenditure per trainee per course should be around Rs. 1,200. Test-check of the records of 5 Notified Area Authorities (viz., Amarpur, Teliamura, Sonamura, Kumarghat and Belonia) revealed that an expenditure of Rs. 1.90 lakhs was incurred on 103 trainees against the admissible amount of Rs. 1.23 lakhs resulting in an excess expenditure of Rs. 0.67 lakh during the period from 1989-90 to 1992-93.

3.4.7.3 *Diversion of funds*

It was seen that out of a total provision of Rs. 4.62 lakhs for training component an amount of Rs. 2.44 lakhs was diverted by 6 urban bodies (Agartala Municipality, NAAs, Udaipur, Belonia, Sonamura, Khowai and Kumarghat) to Wage-Employment Scheme during the period from 1989-90 to 1992-93 and as a result of which the training programme suffered.

3.4.8 *Scheme of Urban Wage Employment (SUWE)*

An amount of Rs. 78.36 lakhs (Central share: Rs. 63.80 lakhs and the State share: Rs. 14.56 lakhs) was released by the Central and State Government under the scheme during the period from 1989-90 to 1992-93 of which Rs. 69.26 lakhs were placed at the disposal of 12 Urban Local Bodies by the Local Self Government Department during the period from 1989-90 to 1991-92 for implementation of the programme. Funds were not released to the Urban Local Bodies by the Local Self Government Department during 1992-93 because of the fact that the Central share for that year was received by them in April 1993 (Rs. 9.10 lakhs).

Scrutiny of the records of 9 Urban Local Bodies viz., Agartala Municipality, NAAs, Udaipur, Belonia, Amarpur, Sonamura, Teliamura, Khowai, Kailashahar and Kumarghat revealed that an amount of Rs. 53.31 lakhs (Central share: Rs. 42.23 lakhs and State share: Rs. 11.08 lakhs) was received by these bodies during the period from 1989-90 to 1991-92 against which Rs. 69.01 lakhs were spent up to the end of March 1993 on the implementation of the programme as detailed in Annexure 'E'.

An amount of Rs. 15.70 lakhs (Rs. 69.01-Rs. 53.31) was spent in excess under the scheme by these Urban Local Bodies during the period from 1990-91 to 1992-93 by diverting funds mainly from Micro-Enterprises Scheme and administrative and operational expenses.

Out of the total expenditure of Rs. 69.01 lakhs, the cost of materials admissible as per norms was Rs. 36.52 lakhs whereas the Urban Local Bodies had spent Rs. 48.07 lakhs for this purpose. On the other hand, an amount of Rs. 20.94 lakhs was spent by the Urban Local Bodies as cost of labour against the admissible amount of Rs. 32.49 lakhs for the purpose. As a result employment for 59829 mandays only could be generated against the avenues for 92829 mandays.

Under the scheme the projects were to be selected and estimates got approved by the Urban Local Bodies in consultation with the District NRY Committees. But the Urban Local Bodies had not consulted the District NRY Committees in selection of projects and estimates.

The works were executed directly by the Urban Local Bodies but no Assets Register was maintained for the assets created under Wage Employment Scheme.

3.4.8.1 *Deviation from the scheme*

The nature of work contemplated under the scheme related to low cost sanitation and drainage works such as low cost water supply, pour flush community latrines, drainage related earth works, community facilities etc. But it was seen that in most of the cases works were not executed in conformity with the provisions of the scheme. Test-check of the records of 5 Notified Area Authorities revealed that Rs. 29.09 lakhs (80 per cent of the total expenditure of Rs. 35.08 lakhs) were spent on the works not falling within the purview of Wage Employment Scheme as shown in Annexure 'F'.

3.4.8.2 *Construction/renovation of temple and mosque*

Notified Area Authorities, Kailashahar and Udaipur paid Rs. 1.00 lakh and Rs. 0.05 lakh respectively to 5 religious organisations (Kailashahar—4 and Udaipur—1) during the period from 1990-91 to 1992-93 for construction/renovation of temples and mosques out of the funds provided for Wage Employment Scheme thought here was no such provision in the scheme.

Utilisation certificates were not furnished by the religious organisations to the Notified Area Authorities (April 1993). During discussion the State Government stated that the construction/renovation of temple and mosque under Wage Employment Scheme was undertaken as temples and mosques were also treated as community centres.

3.4.9 *Scheme of Employment through Housing and Shelter Upgradation (SHASU)*

The objective of the scheme was to enable the persons having annual income of less than Rs. 7,300 at 1984-85 prices to construct simple dwelling units or to upgrade their dwellings with improvement of roof, walls, flooring, additional room etc., at a ceiling cost of Rs. 4,000 each.

(i) *Loan and Subsidy Component*

The Government of India released Rs. 10.11 lakhs as its share of subsidy under the scheme of Employment through Housing and Shelter Upgradation (SHASU) during the period from 1989-90 to 1992-93. The funds were placed at the disposal of HUDCO by the Central Government. Besides, the State Government also released Rs. 3.26 lakhs as State share under the scheme during the period from 1989-90 to 1991-92.

The State Government nominated the Town and Country Planning Organisation as nodal agency for implementation and monitoring of the scheme of Housing and Shelter Upgradation in Tripura excepting Agartala Municipal area. Agartala Municipality had been permitted to implement the scheme in Agartala Municipal area.

In order to implement the scheme in Agartala Municipal area, Agartala Municipality submitted a project report to HUDCO in February 1990 for construction of 326 dwelling units at a cost of Rs. 13.19 lakhs (Loan: Rs. 9.93 lakhs and Subsidy: Rs. 3.26 lakhs) of which the share of subsidy between Central and State Government was Rs. 2.61 lakhs and Rs. 0.65 lakh respectively. Loan of Rs. 9.93 lakhs was sanctioned by the HUDCO in April 1990 for implementation of the Housing and Shelter Upgradation Scheme in Agartala Municipal area. Loan agreement between HUDCO and Agartala Municipality was executed in July 1991.

Rupees 1.30 lakhs as the Central share of subsidy and Rs. 1.97 lakhs as the first instalment of loan were released by the HUDCO to the Agartala Municipality under the scheme in September 1991 and March 1992 respectively. In addition, the Local Self Government Department had also released Rs. 4.74 lakhs (Central share: Rs. 2.51 lakhs and State share: Rs. 2.23 lakhs) to Agartala Municipality during the period from 1990-91 to 1991-92 for implementation of the scheme.

Scrutiny of the records of the Agartala Municipality revealed that out of the total receipt of Rs. 8.01 lakhs (Rs. 3.27 lakhs from HUDCO and Rs. 4.74 lakhs from the Local Self Government Department) during the period from 1990-91 to 1991-92 whole amount could not be utilised/disbursed by the Agartala Municipality for implementation of the Housing and Shelter Upgradation Scheme (April 1993). Whereas, the Local Self Government Department had reported to the Government of India that Rs. 3.22 lakhs (Loan:-Rs. 1.92 lakhs and Subsidy: Rs. 1.30 lakhs) were disbursed by the Agartala Municipality to the beneficiaries under the scheme during 1992-93.

The Municipal Authority stated (December 1993) that the funds amounting to Rs. 8.01 lakhs received under the scheme were lying with them.

Although the project for construction of 326 dwelling units was approved and the loan was sanctioned by the HUDCO (April 1990) the Agartala Municipality could send only 130 applications for construction of dwelling units (May 1993).

(ii) *Training and Infrastructure Support Component*

An amount of Rs. 4.52 lakhs was released by the Central Government to HUDCO for training and infrastructure support component under Housing and Shelter Upgradation Scheme during the period from 1989-90 to 1992-93.

The Regional Chief of HUDCO requested (May 1992) the Agartala Municipality to submit their Annual Working Plan and Annual Training Calendar to HUDCO for releasing funds for the training programme. But the Agartala Municipality could not furnish the above documents to HUDCO and as such funds were not released by HUDCO for this programme (June 1994).

3.4.10 *Other interesting points*

(i) *Irregular payment of loan and subsidy*

The Notified Area Authority, Udaipur, decided in the meeting held in July 1990, to pay loan (@ Rs. 2,000/- per head) and subsidy (at the rate of Rs. 1,000/- per head) to 25 persons for repair and construction of houses out of the NRY funds. Accordingly, the Notified Area Authority paid Rs. 0.75 lakh (Loan: Rs. 0.50 lakh and Subsidy: Rs. 0.25 lakh) to 25 persons in September 1990 for repair and construction of houses. As per the scheme, loan for the purpose was to be given by HUDCO and not by the urban bodies. As such the payment of Rs. 0.75 lakh out of NRY funds as loans and subsidies by the NAA, Udaipur, was irregular.

(ii) *Irregular payment and financial assistance from NRY funds*

Government of Tripura sanctioned Rs. 0.65 lakh in March 1993 to a Non-Government organisation (NGO) for implementation of immunisation programme and other cultural programme for communal harmony/national integration under the scheme of Urban Basic Services for the Poor (UBSP). But the Local Self Government Department had paid Rs. 0.65 lakh (March 1993) to the NGO from NRY funds instead of UBSP funds. Hence the payment of financial assistance of Rs. 0.65 lakh to the Non-Government organisation from NRY funds was irregular.

(iii) *Diversion of funds*

Scrutiny of the records revealed that an amount of Rs. 0.54 lakh was spent by 4 Notified Area Authorities and Local Self Government Department during the period from 1990-91 to 1992-93 by diverting

funds from the NRY programme. The funds were utilised for purposes not related to the schemes under NRY as detailed in Annexure 'G'.

3.4.11 *Monitoring*

Proper monitoring of the schemes under NRY was not undertaken at the State level as well as at the district level. The nodal department did not undertake proper planning of the NRY in accordance with the local needs. Instructions were not issued to the implementing agencies on how to implement the scheme. As a result, the local bodies were deprived of the working knowledge of the scheme. The District being the well-established geographical unit for many programmes, it was proposed that the co-ordinated implementation of the NRY programme would be undertaken at the district level. Although, three District NRY Committees were formed in April 1990, meeting was not held in the North Tripura District for NRY programme while two meetings were held in West and South Tripura Districts during the period from 1990-91 to 1992-93. Due to lack of co-ordination between the District NRY Committees and the Urban Local Bodies the objectives of the schemes under NRY could not be fulfilled. The nodal agency, i.e, the Local Self Government Department also did not fix the physical targets for different schemes during the period from 1989-90 to 1990-91 and review the achievement of the Urban Local Bodies.

3.4.12 *Evaluation*

The schemes under NRY were not evaluated either by the Government or by any independent agency, and as such it could not be ascertained how far the objectives of the schemes were fulfilled in the State.

ANNEXURE A

Statement showing the funds released by the Central Government and the State Government during the period from 1989-90 to 1992-93

Name of the scheme and its components	Funds released by the Central Government					Funds released by the State Government					Grand Total (col. 6+11)	Expenditure incurred	Unspent balance as on 31.3.93
	1989-90	1990-91	1991-92	1992-93	Total	1989-90	1990-91	1991-92	1992-93	Total			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(Rupees in lakhs)													
Scheme of Urban Micro-Enterprises (SUME)													
(a) Subsidy	5.75	3.00	8.00	4.10	20.85	—	—	5.10	—	5.10	42.10	30.68	11.42
(b) Training and infrastructure support	2.30	0.90	2.10	2.10	7.40	—	—	—	—	—			
Scheme of Urban Wage Employment (SUWE) Grants	41.80	6.60	10.50	4.90	63.80	—	27.41 in lump for all the scheme which was apportioned as under:—			27.41	78.36	76.76	1.60
Scheme of Employment through Housing and Shelter Upgradation (SHASU)													
(a) Subsidy	2.61	2.80	1.70	3.00	10.11	—	SUME Rs. 8.75	2.46	—	2.46	17.89	Nil	17.89
(b) Training and infrastructure support	0.52	1.50	1.00	1.50	4.52	—	SUWE Rs. 12.10	—	—	—			
Administrative and operational support							SHASU Rs. 1.35	1.91	—	1.91			
(a) Administrative and operational expenses	6.13	4.44	4.60	3.10	18.27	—	A&OE (Expenditure) Rs. 5.21	—	—	—			
(b) Strengthening of urban local bodies	—	—	5.10	5.00	10.10	—	Rs. 27.41	—	—	—	38.58	8.09	30.49
(c) Assistance to non-Governmental organisation	—	—	1.50	1.50	3.00	—	—	—	—	—			
Total:	59.11	19.24	34.50	25.20	138.05	Nil	Rs. 27.41	11.47	Nil	38.88	176.93	115.53	61.40

Total release of fund by the Central and State Governments Rs. 138.05 lakhs + Rs. 38.88 lakhs = Rs. 176.93 lakhs.

ANNEXURE B

Details of release of shares by the State Government during 1989-90 to 1992-93

Year	Scheme	Central share released	State share		Short release (-) Excess release (+)
			Required	Released	
(Rupees in lakhs)					
1989-90	SUME	5.75	5.75	Nil	(-) 5.75
	SUWE	41.80	10.45	Nil	(-)10.45
	SHASU	2.61	0.65	Nil	(-) 0.65
	A&OE	6.13	3.37	Nil	(-) 3.37
1990-91	SUME	3.00	3.00	27.41	(+)20.19
	SUWE	6.60	1.65		
	SHASU	2.80	0.70		
	A&OE	4.44	1.87		
1991-92	SUME	8.00	8.00	11.47	(-) 2.38
	SUWE	10.50	2.65		
	SHASU	1.70	0.45		
	A&OE	4.60	2.75		
1992-93	SUME	6.20	4.10	Nil	(-)16.77
	SUWE	4.90	3.27		
	SHASU	4.50	3.00		
	A&OE and NOGs	9.60	6.40		
Total:			58.06	38.88	(-)19.18

ANNEXURE C

Name of the urban local bodies	Amount of subsidy received by local bodies	Subsidy deposited in the bank for disbursement to the beneficiaries		Subsidy disbursed by the bank and the number of beneficiaries		Subsidy lying with the local bodies as on 31 March 1993	Subsidy diverted to Wage Employment Scheme (SUWE)
		Amount	Number	Amount	Number		
(Rupees in lakhs)							
1. Agartala Municipality	9.02	9.63 SB A/c	225	0.42	10	Nil	(-)0.61 (subsidy received Rs. 9.02 lakhs and deposited Rs. 9.63 lakhs. Excess subsidy deposited Rs. 0.61 lakh was diverted from other component)
2. Notified Area Authority (NAA), Udaipur	1.42	0.49 SB A/c	11	Nil	Nil	0.02	0.91
3. NAA, Belonia	1.47	Nil	Nil	Nil	Nil	1.15	0.32
4. NAA, Amarpur	1.59	1.31 CD A/c	31	0.42	10	Nil	0.28
5. NAA, Sonamura	1.27	0.07 CD A/c	6	Nil	Nil	0.68	0.52
6. NAA, Teliamura	1.32	0.57 CD A/c	26	0.23	9	Nil	0.75
7. NAA, Khowai	1.56	Nil	Nil	Nil	Nil	Nil	1.56
8. NAA, Kailashahar	1.56	0.54 SB A/c	54	0.45	45	0.08	0.94
9. NAA, Kumarghat	1.44	1.19 CD A/c	19	0.18	10	0.15	1.10
Total	20.65	12.80	372	1.70	84	2.08	5.77

ANNEXURE D

Sl. No.	Name of urban local bodies	Amount received by NAA	Expenditure incurred	Number of persons trained	Duration of the course	Nature of training	Unspent balance lying with local bodies as on 31 March 1993	Amount diverted to Wage Employment Scheme
(Rupees in lakhs)								
1.	Agartala Municipality	1.72	Nil	Nil	Nil	Nil	1.11	0.61
2.	NAA, Udaipur	0.58	Nil	Nil	Nil	Nil	Nil	0.58
3.	NAA, Belonia	0.58	0.15	10	6 months	Motor mechanics	Nil	0.43
4.	NAA, Amarpur	0.58	0.58	25	6 months	Tailoring	Nil	Nil
5.	NAA, Sonamura	0.58	0.35	20	3 months	Tailoring, Blacksmithy, Net Weaving, Cane and bamboo— 5 trainees in each trade	Nil	0.23
6.	NAA, Teliamura	0.58	0.39	16	6 months	Wool knitting	0.19	Nil
7.	NAA, Khowai	0.58	0.13	12	5 months	Cane and bamboo	Nil	0.45
8.	NAA, Kailashahar	0.58	0.85	105	3 months (60 numbers) 4 months (45 numbers)	Wool knitting Tailoring and Basket making	Nil	Nil
9.	NAA, Kumarghat	0.58	0.43	32	3 months (20 numbers) 4 months (12 numbers)	Tailoring	0.01	0.14
Total:		6.36	2.88	220			1.31	2.44

ANNEXURE E

Name of the urban local bodies	Amount received	Amount spent	Cost of materials	Cost of labour	Ratio between material and labour as per expenditure incurred	Material and labour ratio admissible as per norms	Expenditure admissible as per norms Material : Labour
					(Rupees in lakhs)		
1. Agartala Municipality	10.21	13.82	8.75	5.07	63 : 37	60 : 40	8.29 : 5.53
2. NAA, Udaipur	5.40	6.84	5.54	1.30	81 : 19	50 : 50	3.42 : 3.42
3. NAA, Belonia	5.40	7.14	5.93	1.21	83 : 17	50 : 50	3.57 : 3.57
4. NAA, Amarpur	5.40	7.22	4.65	2.57	64 : 36	50 : 50	3.61 : 3.61
5. NAA, Sonamura	5.28	6.34	4.71	1.63	74 : 26	50 : 50	3.17 : 3.17
6. NAA, Teliamura	5.55	6.36	2.68	3.68	42 : 58	60 : 40	3.82 : 2.54
7. NAA, Khowai	5.35	8.89	7.16	1.73	81 : 19	50 : 50	4.44 : 4.45
8. NAA, Kailshahar	5.40	5.49	3.80	1.69	69 : 31	50 : 50	2.75 : 2.74
9. NAA, Kumarghat	5.32	6.91	4.85	2.06	70 : 30	50 : 50	3.45 : 3.46
Total:	53.31	69.01	48.07	20.94	70 : 30		36.52 : 32.49

ANNEXURE F

Name of the NAA	Total amount spent on Wage Employment Scheme	Amount not admissible under Wage Employment Scheme	Nature of work done
	(Rupees in lakhs)		
1. NAA, Khowai	8.89	8.89	Construction of bus stand, taxi stand, boundary walls, building for ticket counter and passenger shed, electrification etc.
2. NAA, Belonia	7.14	7.14	Construction of super market.
3. NAA, Sonamura	6.34	5.49	Construction of stalls and iron gate.
4. NAA, Kailashahar	5.49	3.91	Construction of stalls.
5. NAA, Amarpur	7.22	3.66	Construction of badminton indoor hall, seasonal bund, stall, training shed, destitute children home etc.
	35.08	29.09	

ANNEXURE G

Name of the implementing agency	Year	Amount spent/ diverted	Nature of expenditure
(Rupees in lakhs)			
1. Local Self Government Department, Government of Tripura	1991-92	0.07	Purchase of law books.
2. NAA, Belonia	1991-92	0.20	Financial assistance paid to a Non-Government organisation for construction of waiting room for the patients.
3. NAA, Udaipur	1991-92	0.12	Financial assistance paid to sports clubs and celebration of Republic Day.
4. NAA, Kailashahar	1992-93	0.10	Purchase of sarees and shawls for reception of the VIPs in connection with Unokoti Mela.
5. NAA, Teliamura	1990-91	0.05	Purchase of sofa set and tea-table which were utilised by the BDO in his residential quarter.
	Total:	<u>0.54</u>	

LABOUR AND

3.5 Unrealised rent

Under the scheme for educated unemployed a number of "sheds" were constructed. Sub-divisions of the State Government employed youths at monthly wages up to 53 per shed fixed by the Government of the locality. As per terms of the contract the Government was liable to pay the monthly rent in the case of default 6 per cent in arrears. Beneficiaries were required to work there and were given the right to transfer/sublet the alloted sheds.

Scrutiny (July to August 1993) of the Manpower Planning and Employment Commission from 1987 to June 1992 revealed that the Government spent Rs. 1.25 lakhs in respect of 34 sheds. The Government of Kailashahar—4 and Dharmanagar—4. The Government of May 1979 was not realised till June 1993. The Department had not initiated any action together with penal interest nor was it referred to Audit (August 1993).

It was also noticed that 19 sheds were not alloted. Belonia (5), Baikhora (4), Sabroon (4), etc. Rs. 0.76 lakh during the period from 1987 to 1992 was allotted to beneficiaries as of June 1992. The Government revenue by Rs. 0.94 lakh.

Government to whom the sheds were alloted in 1993 attributed (November 1993) the delay in respect of 34 sheds to handing over the sheds to allottees to other parties and illegal subletting. Some court cases were instituted, with Government (December 1993). Some allottees were not working. The non-allotment of 19 sheds was due to the selection of sites in Government khas lands.

PRINTING AND STATIONERY

3.6 Acceptance of defective machine lease

One single colour offset printing machine was leased to the Director, Printing and Stationery Department of Rs. 6.20 lakhs from a Calcutta based firm.

Scrutiny of the machine for the period February to June 1993 though installed on 15.12.92.

In the first instance the non-availability of the machine for operation. However, in November 1993 it was felt that the machine should be set right by the Government and repaired in January 1994 and delivery. Departmental technicians conveyed the details of the defects. The machine remained idle during the period. Ultimately after the completion of work on the machine.

Government stated (November 1993) that the machine was repaired in November 1992 and there was no staff, which caused a delay of 10 minutes of the machine. That the machine was repaired in November 1992 also. The Government staff were not working. Thus, the blocking of the machine for 10 months.

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the records of Director, Printing and Stationery for the period from July 1991 to June 1992 revealed that the machine was not functioning since 31 May 1991 had not been functioning.

In this instance, it was stated by the Department that due to the unavailability of trained staff the machine could not be put into operation. At the Departmental meeting held on 4 February 1993, it was stated that the machine was technically defective and had to be repaired by the technicians of the firm. The machine was partially repaired in July 1993 but still had the problems of paper feeding. The Department requested (July 1993) the firm to depute a competent person versant with the working of the machine for removal and repair. But nothing was done by the firm and the machine remained idle during the period from June 1991 to September 1993. It was stated that in getting the machine repaired departmentally, regular printing with the machine was started from October 1993.

It was stated by the Department (September 1993) that the machine worked from 1 to 15 June 1993 after which it could not be put into operation for want of trained staff. This statement contradicted the Department's findings recorded in the meeting held on 4 February 1993 wherein it was held that the machine was suffering from maladjustment. In April 1994, the Department further stated that the machine had worked in February 1993. This statement, which, however, contradicts their own statement of February 1993. Reasons for abnormal delay in getting the machine repaired departmentally and not making prior arrangement for trained staff to be deputed, however, spelt out.

It was stated that the purchase of defective machine resulted in idle outlay and wastage of Government money to the tune of Rs. 6.20 lakhs for 28 months.

RURAL DEVELOPMENT DEPARTMENT

Integrated Rural Development Programme (IRDP)

Introduction

The Integrated Rural Development Programme (IRDP) was launched in 1976-77 with the aim of raising the annual income of the identified target groups consisting of small and marginal farmers, agricultural and non-agricultural labourers, rural artisans and scheduled castes and scheduled tribes below the poverty line (viz. Rs. 3,500 per annum, revised to Rs. 4,000 from the year 1985-86 and to Rs. 4,500 from the year 1986-87).

1992-93) and generation of substantial additional employment in the rural sector, by providing them with productive assets through credit linked subsidies. The credit linked subsidy had to be given in kind or cash except working capital component which was to be given in cash to provide economically viable projects to the beneficiaries. However, for capital investments up to Rs. 1,000 credit linkage was not obligatory.

The subsidy was to be calculated as a percentage of capital cost of the assets. It was 50 *per cent* for scheduled tribes and scheduled castes, 25 *per cent* for small farmers and 33.33 *per cent* for others subject to a ceiling of Rs. 3,000 (or Rs. 5,000 for scheduled castes and scheduled tribes) per family.

Under the programme, the family was to be taken as the basic unit of development and economic programmes were to be devised for the family as a whole. The poorest among the poor in the target group were to be selected first following the Antyodaya approach. The schemes were to cover not only the agricultural sector, but also industry and tertiary sectors. Supply of animals, establishment of tailoring shops etc., were some of the typical schemes.

The programme was initially taken up in 7 blocks in August 1978 out of 17; it was extended to the remaining 10 blocks with effect from 2 October 1980.

The programme was to be implemented by the District Rural Development Agency (DRDA) in each district through the existing block machinery. For this purpose, the district and block agencies were to be strengthened.

3.7.2 Organisational set-up

(a) State level

The programme was implemented through the IRDP monitoring cell functioning under the Secretary/Commissioner, Rural Development Department. The monitoring cell was headed by the Director Projects assisted by a Joint Director, and a small complement of staff.

(b) District level

District Rural Development Agency (DRDA) under the Chairmanship of the District Magistrate and Collector was responsible for the implementation of the programme. The Governing body of the DRDA included all the District Officers of the Development Departments and representatives of the banks.

(c) *Block level*

DRDA implemented the programme through the Block Development Committee (BDC)/Block Advisory Committee (BAC) which included all Panchayat Pradhans till their dissolution in February 1988. Block Development Officer acted as the Secretary of the BDC/BAC.

3.7.3 *Audit coverage*

Mention was made in para 3.5 of the Report of the Comptroller and Auditor General of India in 1983-84 about the programme implemented during the period from 1978-79 to 1983-84. Public Accounts Committee discussed the Report and submitted its recommendation in February 1991. The Committee recommended for conducting detailed survey by Government or any other agency for (i) proper selection of beneficiaries, (ii) proper maintenance of assets created by beneficiaries, (iii) providing employment to youths trained under the programme and (iv) proper utilisation of money by the beneficiaries.

A test-check of the records for the period from 1985-86 to 1992-93 relating to the programme was conducted between February 1993 and July 1993 in the Secretariat, Directorate of Rural Development, three District Rural Development Agencies and 3 Blocks (Bishalgarh, Matabari and Kumarghat). Important points noticed are mentioned in the succeeding paragraphs.

3.7.4 *Highlights*

—Grants of Rs. 1,582.96 lakhs received from the Central Government during the period from 1985-86 to 1992-93 were not routed through the State Annual Budget and not reflected in the Consolidated Fund of the State. The utilisation of the grants received from the Central Government were reported by the DRDAs separately.

(Paragraph 3.7.5)

—DRDA, North Tripura District, suffered a loss of Rs. 2.91 lakhs on account of interest by keeping IRDP funds in Postal Savings Account instead of Savings Bank Account.

(Paragraph 3.7.5.2) ✓

—Grants of Rs. 36 lakhs received in December 1992 for purchase of tool kits for rural artisans remained unutilised with DRDA as on July 1993.

(Paragraph 3.7.5.3) ✓

—In Tripura, benefits under IRDP did not go to families from the poorest among the poor.

(Paragraph 3.7.6.1 (b)(ii)) ✓

—In village Mirza and Hrishyamukh Rs. 1.45 lakhs and Rs. 0.17 lakh were given to 14 and 3 ineligible beneficiaries respectively.

(Paragraph 3.7.6.3)

—During the period from 1985-86 to 1992-93, in South Tripura District, banks submitted adjustments of subsidy for Rs. 9.38 lakhs although the amounts were not actually disbursed but refunded to DRDA, South Tripura District. Interest thereon had also not been realised.

(Paragraph 3.7.9)

—Rate of recovery of IRDP loan as on 31 December 1989 was 8.9 per cent only.

(Paragraph 3.7.10(c))

—Despite instructions from RBI, the commercial banks did not extend assistance to beneficiaries in the service area of the Tripura Gramin Bank. As a result, poor people belonging to about 40 per cent of the total service area only were being covered from 1989-90.

(Paragraph 3.7.10(d))

—During the period from 1985-86 to 1992-93, out of 12127 beneficiaries trained in various trades under TRYSEM only 2904 (23.95 per cent) were self-employed and 467 (3.85 per cent) were wage employed. Expenditure incurred for training the youths was Rs. 141.77 lakhs.

(Paragraph 3.7.11)

—During the period 1983-92, out of 405 groups formed under the Development of Women and Children in Rural Areas, 201 groups in DRDA West, 162 groups in DRDA North were lying defunct from the date of completion of training to women members.

(Paragraph 3.7.12)

3.7.5 Financial Performance

The scheme envisaged an annual outlay of Rs. 5 lakhs per block per year to be shared between Central and State Government on 50:50 basis during Sixth Plan. Allocation were made in relation to incidence of poverty in the States during the Seventh Plan on the principle that the expenditure would be equally shared by the Centre and State. Year-wise allocation and grant released by the Central/State Government, budget provision, expenditure incurred on IRDP are furnished below:

Year	Allocation made by Central Government	Grant released by		Total grant released	Budget provision made by State Government	Total expenditure
		Central Government	State Government			
(Rupees in lakhs)						
1985-86	165.76	82.88	206.26	289.14	206.24	236.73
1986-87	157.13	142.73	148.37	291.10	129.22	372.11
1987-88	153.12	276.56	296.00	572.56	296.00	475.32
1988-89	164.18	<u>283.50</u>	<u>235.20</u>	518.70	283.50	697.58
1989-90	153.97	<u>276.99</u>	<u>170.33</u>	447.32	170.50	400.67
1990-91	153.97	265.05	278.96	544.01	278.96	368.46
1991-92	144.87	54.99	276.66	331.65	276.66	441.70
1992-93	136.00	200.26	260.51	460.77	261.75	426.47
Total	<u>1229.00</u>	<u>1582.96</u>	<u>1872.29</u>	<u>3455.25</u>	<u>1902.83</u>	<u>3389.04</u>

It would be seen from the above table that State's share of grants released was more than that of the Central Government in each year except 1988-89 and 1989-90. The total grants released by the State Government during the period from 1985-86 to 1992-93 were, however, 18 per cent more than those released by the Central Government. Excess was 8 per cent of the total grants released during the period.

Grants of Rs. 1,582.96 lakhs received from the Central Government during the period from 1985-86 to 1992-93 were not routed through the State Annual Budget and not reflected in the Consolidated Fund of the State. The utilisation of the grants received from the Central Government was reported by the DRDAs separately.

3.7.5.1 Flow of expenditure

To avoid rush of expenditure towards end of the financial year, the scheme provided that 15 per cent of allocation should be utilised during the first quarter, 25 per cent during the second quarter, 35 per cent during the third quarter and 25 per cent during the fourth quarter of each year. In case there was shortfall in utilisation of funds, further allocations had to be reduced proportionately. But, as indicated below, there was rush of expenditure during the last quarter and particularly in March during each year. Percentage of expenditure ranged between 27.14 per cent to 77.03 per cent and 20.31 per cent to 52 per cent in the last quarter and in March respectively.

Year	Total expenditure	Expenditure in last quarter	Expenditure in March	Percentage of expenditure	
				In the last quarter	In March
(Rupees in lakhs)					
1985-86	236.73	143.97	105.09	60.82	44.39
1986-87	372.11	186.32	117.87	50.07	31.68
1987-88	475.32	129.02	96.56	27.14	20.31
1988-89	697.58	363.80	214.70	52.15	30.78
1989-90	400.67	238.67	171.65	59.57	42.84
1990-91	368.46	240.07	180.18	65.15	48.90
1991-92	411.70	317.12	214.12	77.03	52.00

3.7.5.2 Loss of interest

Manual for IRDP provided that the funds received by the DRDAs were to be kept in Savings Bank Accounts in the field branches of the principal participating bank. The funds deposited in the Savings Bank Accounts would earn interest at usual rates. During the period from 1990-91 to 1992-93, out of the grants received for IRDP, Rs. 60 lakhs were deposited in Postal Savings Accounts in Kailashahar Sub-Post Office opened (March 1991) by the Project Director, DRDA, North Tripura District and drawn therefrom from time to time leaving a balance of Rs. 26 lakhs as on 30 June 1993.

The Project Director, DRDA, North Tripura District stated (May 1992) that funds were kept in Sub-Post Office as per directions of the Government to achieve the target of small savings fixed for North Tripura District.

The Post Office did not allow any interest on the deposits. As a result, DRDA, North had to suffer a loss of Rs. 2.91 lakhs on account of interest calculated at the rate of 5.5 per cent per annum from March 1991 to June 1993. This notional interest could have been earned had the money been kept in Savings Bank Account.

3.7.5.3 *Non-utilisation of grant*

Out of grants of Rs. 36 lakhs received (December 1992) by the DRDA (North) from Government of India for purchase of tool-kits for rural artisans of the target group, Rs. 10,000 was placed (June 1993) at the disposal of Joint Resident Commissioner, Tripura Bhavan, Calcutta. But it was noticed (July 1993) in audit that neither any purchase was made by the Joint Resident Commissioner, Calcutta out of Rs. 10,000 nor the balance amount (Rs. 35.90 lakhs) was utilised by the DRDA due to non-completion of codal formalities.

3.7.6 *Planning*

3.7.6.1 (a) *Survey*

State Government was to conduct a household survey in blocks to prepare a priority list of beneficiaries. However, in Tripura, the beneficiaries were selected first by the local Goan Panchayat Committee. Subsequently, the household survey of these selected beneficiaries was conducted by Block Development Officers (BDOs) who got the household survey forms filled from each beneficiaries through his Panchayat Secretary or Village Level Worker (VLW). A fresh survey to identify families **below poverty line with reference to the revised poverty line of Rs. 11,000 per annum per family** was to be conducted by the State Government by 30 June 1992. But work of fresh survey was taken up only in October 1993 and completed in December 1993. Results of survey were yet to be finalised (April 1994).

Study on IRDP conducted during 1989-90, at the instance of the State Government by North Eastern Council (NEC) also brought out that planning process under the programme in Tripura was confined to physical and financial targets. Programme planning was on exercise of allocation of financial provisions. The development orientation and integrated aspects of planning were missing.

(b) *Identification of beneficiary families*

(i) The priority list of the poorest of the poor was to be prepared by the BDO giving special emphasis to **outlying hamlets, woman-headed households and nomadic families**. The list was to be placed for approval in the meeting of Village Assembly after giving sufficient advance publicity and the list of beneficiaries selected had to be displayed on the notice board of the Village Panchayat and Block Office. Dispute, if any, would be settled by the Project Director, DRDA in consultation with the BDO. The master list of

beneficiaries finally selected would then be printed block-wise by the DRDA and distributed to all concerned agencies.

It was noticed (February-July 1993) in audit that in Tripura the procedure for identification of beneficiary families was not observed as mentioned in paragraph (a) above. Master list of beneficiaries had also not been brought out (April 1994).

✓ (ii) Households having annual family income of (i) less than Rs. 2,265 and (ii) Rs. 2,266 to Rs. 3,500 were designated as destitute and very poor. Adoption of Antyodaya approach for coverage of the poorest of the poor first was suggested in the programme. However, in Tripura no destitute households were selected for IRDP assistance. Total number of destitute families was also not surveyed and determined.

Concurrent evaluation conducted (1987-89) by the Ministry of Agriculture, New Delhi, revealed that during the Seventh Plan period, 69.17 per cent of the households receiving IRDP assistance belonged to the income group of Rs. 3,501 to Rs. 4,800 and the remaining 30.83 per cent to the income group of Rs. 4,801 to Rs. 6,400. Thus, in Tripura the benefit under IRDP did not go to the poorest among the poor.

3.7.6.2 Identification of families (households) below poverty line

According to 38th round of survey conducted by National Sample Survey Organisation (NSSO), Government of India, number of rural families below the poverty line (BPL) were estimated at 0.92 lakh (23 per cent) in 1983-84. State Government, however, estimated that rural population was 18 lakhs consisting of 3.60 lakhs of rural families out of which 2.26 lakhs (63 per cent) were living below poverty line. Of these 2.26 lakh families, 85000 families were covered up to 1987-88. According to the programme, 90 per cent of the remaining 1.41 lakhs of rural families were to be covered by 1994-95 requiring 18000 families to be sponsored in a year from 1988-89 and the remaining 10 per cent could be left uncovered.

Minutes of the meeting of State Level Co-ordination Committee held in May 1992 revealed that Government of India made allocations on the basis of poverty reported under NSSO survey which were revised towards the end of third quarter at the instance of the State Government. Government stated in May 1992 that survey and implementation was required to be done hurriedly in fourth quarter and consequently implementation of the scheme suffered.

3.7.6.3 Ineligible beneficiaries

During test-check (May 1993) of field visit data received from Upendranagar Primary Agricultural Co-operative Societies (PACS) in DRDA, South Tripura District, Udaipur in August 1992, it was noticed that out of 24 beneficiaries selected from village Mirza, 14 had an annual income ranging from Rs. 8,400 to Rs. 50,000 at the time of their selection. Total amount of assistance (loan and subsidy) provided during February 1985 to March 1991 to these 14 ineligible beneficiaries was Rs. 1.45 lakhs.

3 beneficiaries with an annual income ranging from Rs. 17,000 to Rs. 25,000 were given financial assistance of Rs. 16,500 under the programme in Hrishyamukh village during the period from March 1985 to March 1986.

DRDAs have not taken any action for compiling and analysing the field visit data for taking follow up action as of July 1993.

3.7.7 Implementation

Sectoral distribution of beneficiaries (in percentage of total beneficiaries) assisted during the period from 1985-86 to 1991-92 is given below:

Year	Primary Sector	Secondary Sector	Tertiary Sector
1985-86	62	15	23
1986-87	60	14	26
1987-88	51	20	29
1988-89	57	13	30
1989-90	62	12	26
1990-91	52	15	33
1991-92	42	17	41

It would be seen that implementation of IRDP Schemes in primary sector ranged between 42 *per cent* and 62 *per cent* while the same under secondary sector and tertiary sector was between 12 *per cent* and 20 *per cent* and 23 *per cent* and 41 *per cent* respectively. It was observed from NEC's field study (1989-90) that 74 *per cent* of the IRDP Schemes implemented in primary sector related to animal husbandry.

3.7.8 Targets and achievements

Targets to be covered under IRDP and achievements made

thereagainst during the period from 1985-86 to 1991-92 according to reports prepared by Government, are indicated below:

Year	Target initially fixed by Government of India (GOI)	Targets finally approved by GOI	Achievements
(Number of beneficiary families)			
1985-86	N.A.	16240	14148
1986-87	N.A.	12500	15779
1987-88	10662	20000	20932
1988-89	8272	31643	27741
1989-90	5994	10000	12275
1990-91	4894	10000	12647
1991-92	3863	18000	16412
	Total	118383	119934

N.A.: Not available.

Against the target of 118283 beneficiary families, 119934 families including 57204 scheduled caste and scheduled tribe families and 11563 woman-headed families were covered till March 1992. While from April 1990 the coverage *per cent* of woman-headed and scheduled caste/scheduled tribe families out of the total assisted families was 40 *per cent* and 50 *per cent* respectively, actual achievement was 17 *per cent* and 17 *per cent* respectively. Prior to April 1990, the coverage of 90875 families included 43540 scheduled caste/scheduled tribe and 6690 woman-headed families, representing 48 *per cent* and 7 *per cent* respectively. While target to cover physically handicapped families was 3 *per cent* of assisted families, the Department did not maintain any records to exhibit their actual coverage. Commissioner, Rural Development Department stated (August 1985) before the State Level Sanctioning Committee that reason for insufficient coverage of SC/ST was that although the number of sponsored cases was as per target, the bank disbursement did not match. Besides, banks were reluctant to make available credit to the scheduled tribe beneficiaries except through Co-operative Societies. Reasons for shortfall in coverage of woman-headed families were not furnished by the Department.

The above table reveals that the targets initially fixed by Government of India had been raised substantially on the recommendation of the State Government during the period from

1987-88 to 1991-92. A study on IRDP undertaken by the North Eastern Council (NEC) during January 1990 revealed that fixation of high targets of beneficiaries had diluted the quality of IRDP implementation. The study also suggested restricting the number of beneficiaries to 5000 each year to improve the quality of implementation. The incremental income generated out of assets and inputs acquired by the beneficiary families under the programme during the period from 1985-86 to 1991-92 was not recorded in the 'Vikash Patrikas' maintained in DRDAs and Blocks. As a result, the number of beneficiaries brought above the poverty line during this period was not known. It was, however, brought out in the NEC sponsored study that while 25 per cent families got no benefit from the programme input, 45 per cent families earned up to Rs. 2,000 per annum and only 30 per cent were able to add more than Rs. 2,000 per annum to their family income.

3.7.9 Administration of subsidy

Out of grants of Rs. 2,994.48 lakhs, Rs. 2,597.83 lakhs were paid as subsidy during the period from 1985-86 to 1991-92 as indicated in the table below:

Year	Grants released	Subsidy paid
	(In lakhs of rupees)	
1985-86	289.14	207.25
1986-87	291.10	326.06
1987-88	572.56	402.62
1988-89	518.70	645.42
1989-90	447.32	349.28
1990-91	544.01	313.22
1991-92	331.65	353.98
Total	2994.48	2597.83

Funds received by the DRDAs were required to be kept in Savings Bank Accounts with the principal participating bank branches. The adjustment of subsidy by debiting the account of DRDA was to take place only at the time of disbursement which was to coincide with handing over of assets/cash to the beneficiary. After the transaction was completed the participating bank was to provide the particulars of the beneficiary, the project and the amount of subsidy adjusted in their monthly report on the adjustment of subsidy for the record of DRDA.

A test-check of the records of DRDA, South Tripura District revealed that the banks refunded undisbursed subsidies to the tune of Rs. 9.38 lakhs relating to the period from 1985-86 to 1992-93, although the same had been shown as adjusted in the subsidy accounts of the DRDA.

As a result, 323 beneficiaries to whom IRDP subsidy amounting to Rs. 4.77 lakhs was sanctioned during the period from 1983-84 to 1990-91 were deprived of the benefits. Records indicating number of beneficiaries involved in the remaining amount of subsidy (Rs. 4.61 lakhs) could not be made available. Action has not been taken for the irregular submission of adjustment accounts of subsidy by the banks.

Besides, interest on Rs. 9.38 lakhs realisable as per guidelines of Government of India at the rate applicable to Savings Bank Account had not been realised as the amount had shown as adjusted.

3.7.10 Loans

Of the two components viz., loan and subsidy, loan portion comes through institutional credit to the IRDP beneficiaries. The physical and financial achievements made by the banks in affording credit facilities during the period from 1985-86 to 1991-92 are indicated below:

Year	Proposals sponsored by DRDAs	Loan proposals sanctioned by banks	Loan disbursed by banks	
	Number of cases	Number of cases	Number of cases	Amount
			(In lakhs of rupees)	
1985-86	23131	17426	14148	562.72
1986-87	23279	N.A.	15779	674.79
1987-88	N.A.	N.A.	20932	697.57
1988-89	34831	31748	27741	1019.59
1989-90	21538	18954	12275	554.21
1990-91	19074	17202	12647	476.94
1991-92	28442	25021	16412	596.22

N.A.: Not available.

Amount of loan proposals sent by DRDAs to banks and that of proposals sanctioned by banks could not be furnished. Number of

proposals sponsored by DRDAs and proposals sanctioned by banks included spill over cases from previous years. Number of cases of supplementary assistance to beneficiaries was not furnished by the Department.

Reasons for shortfall in disbursing loans against the proposals sponsored by DRDAs and proposals sanctioned by banks were as under:

(a) It was recorded in the minutes of the State Level Bankers Committee (SLBC) meeting held in December 1989 that due to the implementation of the cash credits delivery programme in the State, the Tripura Gramin Bank (TGB) which covered 60 *per cent* of the service area of the State, faced resource constraints from the year 1988-89. It could not participate effectively in implementation of the programme from the year 1988-89 onwards.

(b) The initial targets set by the Government of India were revised based on targets approved by SLCC in third quarter of the financial year. The late revision of the targets caused changes in the targets of bank branches.

(c) Minutes of SLBC meeting held in March 1990 indicated that rate of recovery of IRDP loan as on 31 December 1989 was 8.9 *per cent*.

Information furnished (June 1993) by the Tripura State Co-operative Bank Limited (TSCB) regarding recovery of IRDP loans revealed that:

Percentage of recovery sharply declined from 52 *per cent* in 1986-87 to 31 *per cent* in 1987-88 and 17 *per cent* in 1988-89. While it remained steady in 1989-90, it registered a fall in subsequent years and ranged between 3 *per cent* and 6 *per cent* during 1990-91 to 1992-93. One of the reasons for nominal recovery of IRDP loans during last three years was stated to be fall out of Agricultural and Rural Debt Relief Scheme 1990 under which the debts and or interest on loans up to Rs. 10,000 outstanding as on 2 March 1986 in respect of the agriculturists and rural artisans were summarily written off.

Low rate of recovery of IRDP loans was a deterrent for recycling of bank funds at appropriate pace.

(d) Guidelines issued (March 1989) by the Reserve Bank of India provided that the designated branches of the Commercial Banks also were to extend financial assistance to the target group of beneficiaries as an interim measure if the rural banks could not met their demand for credit. The SLBC though did not consider it feasible,

but extended (January 1991) at the request of the State Government a marginal extension of service to provide credits to the target group of beneficiaries.

As a result, poor people belonging to about 40 *per cent* of the total service area only were being covered from 1989-90. Other banks were finding it difficult to get eligible non-defaulters for selection of beneficiaries under IRDP.

3.7.11 TRYSEM

The National Scheme of Training of Rural Youth for Self-Employment (TRYSEM) was introduced in August 1979 with the aim of equipping rural youth in the age group of 18-35 with necessary skills required for self-employed vocations. The scheme became an integral part of IRDP from April 1981. During the period from 1985-86 to 1990-91, no separate funds were released for TRYSEM. Expenditure was met from IRDP funds. However, Rs. 34.70 lakhs were released for the programme for the period from 1991-92 to 1992-93.

Expenditure incurred during the period from 1985-86 to 1992-93 was Rs. 141.77 lakhs.

Out of 12127 beneficiaries trained under TRYSEM in various trades, only 2904 were self-employed and 467 were wage-employed.

The remaining 8756 youths could not be provided assistance for self-employment. Year-wise break-up of targets and achievements made under the programme in Tripura are given below:

Year	Targets	Achievements	Employment		
			Self	Wage	Total
1985-86	2760	622	35	—	35
1986-87	3800	1434	215	3	218
1987-88	N.A.	2670	534	41	575
1988-89	1700	1510	595	33	628
1989-90	350	1846	484	178	662
1990-91	1400	347	67	44	111
1991-92	1400	1185	260	26	286
1992-93	2500	2513	714	142	856
Total		12127	2904	467	3371

N.A.: Not available.

The third round report of the concurrent evaluation of IRDP conducted by the Department of Rural Development, Ministry of Agriculture during January 1989 to September 1989 revealed that none of the TRYSEM beneficiaries in Tripura was provided assistance for the activity for which training was imparted under TRYSEM.

The programme required the DRDAs to issue certificates to TRYSEM trainees after successful completion of training. It was, however, noticed that none of the 10593 trainees who completed training during the period from 1985-86 to 1992-93 under DRDAs, West Tripura and North Tripura Districts, were issued certificate by the Agencies. Of the 1534 beneficiaries who received training under DRDA, South, only 421 received the certificates. Another 208 certificates issued by DRDA, South, were lying undelivered with Block Development Officer, Matabari.

Reasons for taking no action to deliver the certificates by DRDA, West Tripura and North Tripura Districts were not furnished. Reasons for non-issue of remaining 905 certificates by DRDA, South, could also not be furnished.

DRDAs were to approve the syllabus for training to be imparted to the TRYSEM trainees. It was, however, noticed that none of the DRDAs had approved the syllabus in respect of all trades including on managerial and entrepreneurial skills.

The programme provided that as far as possible trainees should be attached to an institution to ensure training of prescribed standard. Master craftsmen were to be engaged after taking sufficient precaution against their misutilisation. Training actually imparted by different DRDAs through master craftsmen and other institutions is shown below:

Name of DRDAs	Number of youths trained	Master craftsmen	Training imparted through		
			Polytechnic	Other State Government Institutions	Voluntary Organisations
DRDA, West	5579	4922	145	370	142
DRDA, South	1534	1230	—	304	—
DRDA, North	5038	4807	—	213	18
Total	12151	10959	145	887	160

The table indicates that during the period from 1985-86 to 1992-93, 90 per cent (10959) of youths were trained through master craftsmen. Reasons for non/poor utilisation of the State institutions for training to the youths were not furnished.

Duration of training imparted ranged between 1 day to 6 months. Duration of training for similar trades was not uniform, as indicated below, in all DRDAs. Reasons for such variation were not furnished by the DRDAs.

Serial Number	Name of Trade	Duration of training in		
		DRDA West	DRDA North	DRDA South
(In months)				
1.	Cane and bomboo	3	6	6
2.	Carpentry	3	6	6
3.	Masonry	3	1	2
4.	Mark II Tube-well	N.A.	1	3
5.	Fish net making	N.A.	6	3
6.	Agarbati making	N.A.	3	1

N.A: Not available.

During the period from 1986-87 to 1992-93 the State Government released Rs. 17.44 lakhs to three DRDAs (West Tripura District Rs. 6.88 lakhs; DRDA South Tripura District Rs. 4.69 lakhs and DRDA North Tripura District Rs. 5.87 lakhs) for strengthening the training infrastructure under TRYSEM. Test-check of records of DRDAs revealed the following:

(a) (i) In DRDA, South Tripura District, weaving centre at Dhuptali under Matabari Block constructed (October 1991) at a cost of Rs. 0.59 lakh was utilised for imparting training to 20 beneficiaries during November to April 1992. The centre was closed in May 1992 for non-availability of trainees as well as master craftsmen. Another training centre at Matabari Block Headquarters constructed at a cost of Rs. 0.88 lakh in October 1992 remained inoperative since its construction, reasons for which could not be furnished by the Block Development Officer.

(ii) 10 sewing machines worth Rs. 0.23 lakh purchased in January 1992 were utilised for imparting training to 10 beneficiaries

at Kolaban Panchayat Community Hall and Jamjuri Panchayat shed during 14 January 1992 to 13 July 1992. There was no indication of utilisation of the machines in subsequent period.

(iii) Records indicating utilisation of the work-shed constructed during the period 1991-92 at a cost of Rs. 0.50 lakh by DRDA, South, under Satchand Block were not made available.

Approval of SLCC was not obtained in regard to expenditure of Rs. 1.32 lakhs incurred on the construction of a weaving centre (Rs. 0.59 lakh), cost of sewing machine (Rs. 0.23 lakh) and construction of work-shed (Rs. 0.50 lakh).

(b) In DRDA, West Tripura District, out of Rs. 6.88 lakhs released by State Government during the period from 1986-87 to 1992-93, Rs. 2.32 lakhs were utilised for the construction of training centres. Of the remaining Rs. 4.56 lakhs, the amount lying unutilised was Rs. 2.24 lakhs with DRDA, West Tripura District, and Rs. 2.32 lakhs with different institutions.

(c) In DRDA, North Tripura District, out of Rs. 5.87 lakhs released by the State Government, Rs. 1.89 lakhs were utilised for the construction of training centres (Rs. 0.92 lakh) at Panisagar and Salema and extension of existing facilities (Rs. 0.97 lakh). The remaining amount of Rs. 3.98 lakhs was lying unutilised due to non-identification of training institutions required to be strengthened.

3.7.12 *Development of Women and Children in Rural Areas (DWCRA)*

DWCRA scheme was operated from 1983-84 with a view to providing women members of rural families below the poverty line opportunities for self-employment. Small groups consisting of 15 to 20 women were mobilised for imparting training in different trades for taking up income generating activities. Credit facilities through financial institutions under IRDP were also to be provided to the individual members of the groups.

During the period from 1983-84 to 1991-92, grants of Rs. 66.42 lakhs were released by Government of India (Rs. 19.92 lakhs), State Government (Rs. 21.24 lakhs) and UNICEF (Rs. 25.26 lakhs) to DRDA, North and DRDA, West. Out of these grants Rs. 58.47 lakhs were released as revolving fund and travelling allowances for group organisers to 410 groups for taking up income generating activities. Remaining amount of Rs. 7.95 lakhs was released for salaries (Rs. 7.61 lakhs) and other purposes (Rs. 0.34 lakh). Expenditure incurred during the period was Rs. 61.90 lakhs and the balance amount (Rs. 4.52 lakhs) remained unutilised.

During the year 1983-92, against the target of 410 groups, 405 groups were formed out of which 343 groups reportedly started income generating activities. It was, however, noticed in audit that out of 405 groups, 201 groups in DRDA, West, and 162 groups in DRDA, North, had become defunct from the date of completion of training to women members.

Of the remaining 42 groups, 18 groups under DRDA, West and 13 groups under DRDA, North, were stated to be functioning. But no records indicating their activities as well as that of other 11 groups could be made available (July 1993). Actual date of completion of training could not be furnished by the DRDAs except in case of Bishalgarh Block.

Project Director, DRDA, West and DRDA, North stated (June 1989) that due to lack of skilled instructors, inadequate work-sheds, lack of co-ordination among block level workers and consumption of revolving fund meant for imparting training, the groups could not take up income generating activities.

Test-check of records revealed the following:

(i) Instructions regarding maintenance of DWCRA records in the prescribed proforma issued (June 1990) by the Rural Development Department were not followed by the DRDAs (July 1993).

(ii) As per DWCRA accounts for the period from 1985-86 to 1991-92 maintained by DRDA, North, Rs. 4.55 lakhs were disbursed to Block Development Officer, Kumarghat whereas Rs. 6.30 lakhs were shown as received by the BDO, Kumarghat during the period. While Rs. 3.73 lakhs were adjusted in the accounts of DRDA, North, adjustments of Rs. 5.78 lakhs were stated to have been submitted by BDO, Kumarghat. Discrepancy in the accounts of the DRDA, North and the Block Development Officer, Kumarghat, remained unreconciled (July 1993).

3.7.13 Monitoring

(a) Lapse in reporting

To facilitate systematic follow up of the schemes undertaken by the beneficiaries and assessment of increase in their income, the "Vikas Patrika" (Identity-cum-Monitoring Card, IMC) was introduced (January to May 1980) by Government of India. One copy of the IMC was to be issued to the beneficiary household and a copy retained by each of the village level worker, BDO and the financing bank.

5.78
3.73
2.05

6.30
5.78

.52

Basic particulars about the beneficiary and subsequent information regarding training, if any, imparted, assistance granted and income data were to be filled in by the field level workers. The distribution of "Vikas Patrikas" had not been completed in any of the districts. Even where the distribution had been made, follow-up action had not been taken to evaluate the increase in income. Based on the information available in the IMC, the blocks were to furnish annual reports to the agency for monitoring the per capita annual income of the beneficiary households on a continuous basis until all the beneficiary households crossed the poverty line. These annual reports had not been furnished for any of the years (1985-92) by any of the blocks to the DRDAs. Monitoring and evaluation of the programme had not been done by the State Government.

(b) *Incorrect reporting*

Records of DRDA, South Tripura District, revealed that the various progress reports on performance, both physical and financial, submitted to the Government took into account the entire amount of subsidy, including unutilised subsidy which was refunded and to that extent the achievements reported were over stated. For example, Rs. 9.38 lakhs had been refunded by the banks during the period from 1985-86 to 1992-93 as unutilised subsidy as per audited statements and this amount was included in the figures of performance in the years in which the amounts were paid to the banks.

(c) *Physical verification of assets created under the programme*

The scheme envisaged physical verification of assets created out of IRDP loans by VLWs in the blocks and consolidated reports were required to be sent to the Government through DRDA each month. Scrutiny of records of DRDA, North, revealed that physical verification of assets was not conducted till 1991-92 though 36951 beneficiaries were assisted during the period from 1985-86 to 1990-91. Physical verification of assets in respect of 1038 beneficiaries assisted during 1991-92 and 1992-93 covering 5 Blocks was done only in 1992-93.

Physical verification disclosed non-possession of assets by beneficiaries in 118 cases; partial possession of assets in 96 cases and diversion of loans for other purposes in 153 cases.

(d) *Insurance cover for various assets*

Under the programme, insurance cover was available for livestock assets.

The third round, concurrent evaluation report for the month of January 1989 to September 1989 indicated that in Tripura beneficiaries were not aware of the scheme of getting claim/replacement of perished assets. It was, however, noticed (July 1993) in Audit that 479 cattle were insured in different Blocks under DRDA, North. Information about insurance of cattles in different Blocks under DRDA, West and DRDA, North was not furnished.

3.7.14 *Evaluation*

(a) *Concurrent evaluation*

Government of India carried out the third round of concurrent evaluation of IRDP during January 1989 to September 1989. But there was no indication that the findings of the evaluation were ever discussed in the State Level Co-ordination Committee or at any other levels in the Government/Department for taking corrective measures.

(b) *Evaluation studies*

During the period 1989-90, the programme was evaluated by the National Institute of Rural Development, Guwahati under the sponsorship of the North Eastern Council, Shillong, covering the period of implementation during 7th Plan.

Following were the major findings of the evaluation made by the NEC:

(a) The root of the problem in implementing the programme lay in the large number of beneficiaries (on an average 18000 each year) selected for the programme.

(b) Primary sector under IRDP in Tripura predominantly concentrating on animal husbandry schemes failed to generate additional higher income due to poor performance of animal husbandry schemes in Tripura.

(c) The DRDAs were more concerned with achieving or exceeding the targets of physical and financial coverage and had no time for post-delivery follow up and care.

(d) Percentage of subsidy and credit made available to women-headed households was much below the suggested norms.

(e) In Tripura, the benefits under IRDP technically went to the families occupying the upper start of the below poverty region because large proportion of beneficiaries belonged to 4801-6400 income group.

(f) Training of beneficiaries in the handling and maintenance of assets given under the programme was not made compulsory.

There was no indication that findings of the evaluation were made use of by the Government or the Department for taking corrective measures.

The matter was referred to the Government in September 1993 reply has not been received (June 1994).

3.8 Avoidable expenditure

Test-check (March 1993) of the records of the Block Development Officer (BDO) Teliamura revealed that bulk purchases of Barrely musur dal were made under the Special Nutrition Programme during the calendar years 1991 and 1992 from the Primary Marketing Co-operative Societies without inviting any tenders, payments for these purchases were made at the rates varying between Rs. 1,060/- and Rs. 1,425/- per quintal plus service charges (admissible) at the rate of 5 per cent on the procurement cost of the supply without verifying the reasonableness of the rates. It was, however, observed from the records of the Food and Civil Supplies Department that wholesale rates of Barrely musur dal prevailing at that time varied between Rs. 1,005/- and Rs. 1,350/- per quintal.

During the calendar year 1991, 63.3 tonnes of musur dal were procured from the Society at the cost of Rs. 8.48 lakhs (including service charge of Rs. 0.40 lakh) against the cost of Rs. 7.99 lakhs (including service charges) payable at the prevalent wholesale rates resulting in extra expenditure of Rs. 0.49 lakh. Similarly an extra expenditure of Rs. 0.50 lakh was incurred on the purchase of 58 tonnes of musur dal from the Society during the calendar year 1992.

District Magistrate and Collector, West Tripura who was the Controlling Authority in his letter dated 30 August 1993 stated that BDO, Teliamura purchased the articles from the Primary Co-operative Society as per instructions of the Director of Scheduled Tribes. The argument was not tenable as the instructions did not prohibit the BDO from making purchases from Co-operative Societies at reasonable rates after observing all codal formalities as provided therein. There was no justification for price preference to the Co-operative Society.

The matter was referred to Government in July 1993; reply has not been received (June 1994).

CHAPTER IV

PUBLIC WORKS AND POWER DEPARTMENTS

4.1 Rural Water Supply Schemes

4.1.1 Introduction

In Tripura, 4727 villages (population: 18.27 lakhs) were identified (1977) by the Government as problem villages needing drinking water supply on the basis of the following criteria:

(a) 2127 villages had no assured source of drinking water within a distance of 1.6 kms or within a depth of 1.5 metres.

(b) 1331 villages had water sources having excess salinity, iron, flouride and/or other toxic elements hazardous to health.

(c) Villages with water endemic to water borne diseases like Cholera, Guinea worm, etc.,—1269 Nos.

The State Government had undertaken different water supply schemes from 1977-78 onwards in different problem villages under the Accelerated Rural Water Supply (ARWS) Programme (piped water supply fully financed by the Government of India) and Rural Water Supply (RWS) under the Minimum Needs Programme (MNP) (piped water supply and construction of spot sources i.e. tube-wells, RCC wells, financed from the State Plan) so that all the rural population in 4727 villages could be covered by the end of 1991. The concept of 'problem villages' was subsequently changed to 'hamlets' and as per status survey conducted in March 1992 by the Public Health Engineering Department (PHED) there were 7479 hamlets (population: 23.35 lakhs) in the State needing drinking water supply facilities.

4.1.2 Organisational set-up

While the piped water supply schemes under both ARWS and RWS (MNP) were executed by the Public Health Engineering Department, the schemes for construction of spot sources (tube-wells and RCC wells) under MNP were executed by the Civil Administration (District Magistrates, Rural Engineering Divisions and Block Development Officers) of the district concerned.

The piped water supply schemes under ARWS (MNP) were being executed by three PHE Divisions (Kumarghat, Udaipur and Agartala) under the supervision of a Superintending Engineer. The Chief Engineer PHED was in overall charge of the implementation of the schemes, while the spot sources were being created by three Rural Engineering Divisions (RED) at Kumarghat, Udaipur and Agartala under the District

Magistrates and eighteen Block Development Officers (BDOs) under the Rural Development Department.

4.1.3 *Audit coverage*

Mention regarding delay in implementation of schemes, inadequate supply of water, low coverage of villages, diversion of funds, injudicious procurements, etc., was made in Paragraph 4.1 of the Audit Report for the year 1983-84 under Accelerated Rural Water Supply scheme and in Paragraph 4.1 of the Audit Report for the year 1989-90 under Technology Mission of drinking water. In its 48th Report presented to the House on the 11 of February 1991, the Public Accounts Committee opined that the position of the implementation of the ARWS schemes was far from satisfactory and there was lack of supervision at every stage.

Test-check of the records for the period from 1984-85 to 1992-93 of the Chief Engineer, Superintending Engineer, three Executive Engineers of the PHE Divisions, Rig Divisions, Resources Division and those of 18 BDOs, Health Directorate, 3 Chief Medical Officers and 3 Collectorates was conducted during March to June, 1993. Results of the test-check have been incorporated in the succeeding paragraphs.

4.1.4 *Highlights*

—**Out of 7479 hamlets programmed for coverage under MNP and ARWS scheme, only 2845 hamlets were covered.**

(Paragraph 4.1.6(i))

—**110 Deep Tube-wells constructed at a cost of Rs. 309.53 lakhs were awaiting commissioning for 1 to 6 years resulting in denial of benefits to 2.15 lakhs rural population mainly due to non-availability of electric connections and non-installation of pumps.**

(Paragraph 4.1.7)

—**26 Deep Tube-wells constructed at a total cost of Rs. 76.15 lakhs had to be abandoned within 4 to 10 years of their commissioning due to wrong selection of water bearing strata.**

(Paragraph 4.1.8)

—**Drilling rig and compressor purchased at a cost of Rs. 21.16 lakhs mostly remained idle due to non-availability of infrastructure.**

(Paragraph 4.1.9)

—**Removal of stop-cocks from public hydrants resulted in loss of water by 56 per cent of the total quantity released for distribution in the area.**

(Paragraph 4.1.10)

—There was infructuous expenditure of Rs. 132.36 lakhs on construction of 51 Deep Tube-wells which failed to give adequate discharge.

(Paragraph 4.1.11)

—There was loss of materials valued at Rs. 27.82 lakhs due to non-execution of works, besides injudicious procurement of pipes worth Rs. 381.81 lakhs.

(Paragraph 4.1.15(i)&(ii))

—Though the ground water of the State was highly ferrogenic in nature, only 49 out of 5302 Mark-II tube-wells and 14 out of 266 Deep Tube-wells in the State were having Iron Removal Plants.

(Paragraph 4.1.16.1)

—High iron contents of the water resulted in high incidence of cholelithiasis in the paediatric groups.

(Paragraph 4.1.17(a)(b)(c))

—Despite implementation of the programme, rates of morbidity and mortality on account of Gastro-enteric diseases continued to remain high.

(Paragraph 4.17(e)(f))

4.1.5 *Budget Provisions and Expenditure*

(i) Budget Provisions and actual expenditure during the years 1984-85 to 1992-93 under both MNP and ARWS were as under:

Year	Budget Provision MNP	Expenditure MNP	Shortfall (-) Excess (+)	Percentages	Budget Provision ARWS	Expenditure ARWS	Shortfall (-) Excess (+)	Percentages
1984-85	207.37	17.66	(-)183.71	(-)89	268.85	488.76	(+) 219.91	(+) 8
1985-86	257.67	21.14	(-)246.53	(-)92	685.85	531.67	(-) 127.18	(-)19
1986-87	315.75	65.09	(-)250.66	(-)79	692.15	352.29	(-) 339.86	(-) 5
1987-88	329.75	229.50	(-)100.25	(-)30	586.80	382.28	(-) 204.52	(-)35
1988-89	333.66	358.67	(+) 25.01	(+) 7	616.31	506.06	(-) 110.25	(-)18
1989-90	407.70	431.19	(+) 23.49	(+) 6	592.00	526.17	(-) 65.83	(-)11
1990-91	449.61	615.83	(+)166.22	(+)37	714.07	358.72	(-) 385.35	(-)52
1991-92	464.94	15.12	(-)449.82	(-)97	965.50	28.12	(-) 937.38	(-)97
1992-93	446.90	361.74	(-) 85.16	(-)19	1014.50	350.65	(-) 663.85	(-)65
	3223.35	2115.94	(-)566.43		6166.03	3524.72	(-)2614.31	

Source = Budget Books and Finance Accounts.

Reasons for shortfall/excess were not on record. The expenditure was in excess of budget provisions ranging between 7 to 37 *per cent* in respect of MNP schemes. The expenditure during the period from 1985-86 to 1992-93 however, registered an uneven downward trend in respect of ARWS schemes.

4.1.6 *Targets and Achievements*

Scrutiny of the data collected by the PHE Department for conducting status survey under Rajib Gandhi National Drinking Water Mission in March 1992 disclosed that:

(i) Out of 7479 hamlets programmed for coverage under MNP and ARWS, only 3789 hamlets were covered which was only 51 *per cent* achievement. Of the 3789 hamlets so covered, sources created in 944 (25 *per cent*) hamlets were either defunct or damaged completely mainly due to lax supervision and thereby further reducing the achievement to 2845 hamlets (38 *per cent*) only.

(ii) Block-wise hamlets covered under the scheme are detailed in Annexure-I.

It would be seen from Annexure-I that—

(a) Percent coverage of hamlets varied between 48 *per cent* in North Tripura to 53 *per cent* in West Tripura whereas in respect of Blocks, the coverage varied from 9 *per cent* in Dumburnagar to 86 *per cent* in Bishalgarh. The information about coverage in South Tripura District was not available.

(b) District-wise percentage of sources damaged or defunct varied from 24 to 26 *per cent*. Whereas in the Blocks it ranged between 2 *per cent* to 91 *per cent*. The target for providing safe drinking water to all the rural population within the year 1991, as fixed in April 1981 was thus, achieved only up to 51 *per cent* as of March 1993. No reasons for this poor performance were furnished by the Department.

4.1.7 *Dalay in commissioning schemes*

The target for providing safe drinking water to all the rural population within the year 1991 was fixed in April 1981 under the International Decade Programme on Water Supply, to be executed in a phased manner in the 6th and 7th Plan Periods. During test-check of records of the three PHE Divisions (Kumarghat, Udaipur and Agartala) it was noticed that 110 Deep Tube-well (DTWs) constructed between

1986-87 and 1992-93 at a total cost of Rs. 309.53 lakhs (North District = 33 DTWs, cost = Rs. 90.44 lakhs; South District = 41 DTWs, cost = Rs. 84.59 lakhs; West District = 36 DTWs, cost = Rs. 134.50 lakhs) to provide safe drinking water to protect population of 2.15 lakhs were awaiting commissioning mainly due to non-availability of electric connections (80) and pumping sets (30).

Divisional records did not indicate the action taken by them to get the pumps installed and tube-wells energised. Due to lack of timely and planned action and co-ordination between Power Department and Public Health Engineering Department expenditure of Rs. 309.53 lakhs remained unproductive during the period from 1986-87 to 1992-93. The Department did not verify the present position of these schemes.

4.1.8 *Abandonment of schemes due to absence of geophysical survey*

Against the normal discharge period of 20 years for Deep Tube-well, 26 DTWs (4 in North District, 7 in South District and 15 Deep Tube-wells in West District) constructed at a total cost of Rs. 76.15 lakhs and commissioned between 1978 and 1986 were abandoned within 4 to 10 years of their commissioning owing to stoppage of discharge, inadequate discharge or sand or gravel discharge. It was noticed that before sinking the Deep Tube-wells, the Department did not conduct geophysical survey of underground layer of water nor had it consulted the Central Ground Water Board, who drew up (1980) a map of the ground water-strata of Tripura showing the availability of ground water in the State.

4.1.9 *Under-utilisation of Rig Machine*

(i) With a view to expediting the sinking of Mark-II Tube-wells, the Executive Engineer, RED, Agartala purchased a drilling rig (direct rotary ingersoll) in 1986 and one compressor with support vehicle in 1987 at a total cost of Rs. 21.16 lakhs. Against the annual drilling capacity 70 bores, the rig was utilised for drilling only 22 bores during six years ending 31 March 1993 which was only 5 per cent of the available drilling capacity. The under-utilisation of rig capacity ranged between 79 per cent to 100 per cent during the period from 1987-88 to 1990-91.

The rig machine was transferred to Rig Division under Public Health Engineering Department in June 1989 due to non-availability of requisite infrastructure. The machine remained under-utilised in Rig Division as well.

(ii) Similarly, with a view to sinking Mark-II Tube-wells in the hilly areas, the Executive Engineer, Public Health Engineering Division No. IV, Agartala purchased an indigeneous drilling rig in June 1987 at a cost of Rs. 1.07 lakhs.

Scrutiny of records revealed that between June 1987 and March 1993 only 3 Mark-II Tube-wells were sunk with this rig. The rig was found unsuitable for drilling Mark-II Tube-wells due to inherent defects and could not be put to any use rendering the expenditure of Rs. 1.07 lakhs unproductive.

(iii) The Public Health Engineering Department purchased 9 drilling rigs (5 prior to 1984-85, 1 each in 1984-85 and 1985-86 and 2 in 1986-87) and allotted (5 prior to 1984-85, 1 each in 1984-85 and 1985-86 and 2 in 1986-87) them to 3 executing divisions (2 each in North and South Districts and 5 in West District) for implementation of RWS (MNP) and ARWS Programmes.

Test-check of records of the 2 (North District and West District) out of the 3 districts (North District, South District and West District) revealed that against the norms of 645 Deep Tube-wells that could be sunk with these rigs between the period from 1986-87 to 1992-93, only 106 Deep Tube-wells were actually sunk which shows 84 *per cent* under-utilisation of the rigs as detailed in Annexure-II (information on number of Deep Tube-wells constructed in North District prior to 1988-89 was not available).

It would, thus, be evident from the above that under-utilisation of rig machines in North District varied from 57 to 87 *per cent* between the period 1989-90 to 1992-93 (information in respect of years prior to 1989-90 was not available) while it was between 75 to 93 *per cent* in West District during 1986-87 to 1992-93. Under-utilisation of these rigs was attributed (June 1993) by the Executive Engineer, Rig Division, Agartala to non-availability of works, financial constraints and rigs remaining under repair.

4.1.10 Provision of Hydrants to prevent loss of water

(i) As per prescribed norms, loss of water beyond 5 to 7 per cent was to be considered as unsatisfactory and remedial measures to keep this within the normal limits were to be taken. During test-check of records of the three PHE Divisions it was, however, noticed that the loss of water through 8983 public hydrants in the State was 56 per cent of the total quantity of water discharged and fed into the distribution network. Wastage of water ranged between 17 per cent to 89 per cent.

None of the public hydrant in West District (5569) and South District (1837) had been provided stop-cock valves and 73 per cent of the hydrant in North District (1577) were reported to have no stop-cocks as they were stolen.

(ii) As per norms, one hydrant had to be provided for a population of 250 persons. The district-wise position of hydrants required as per norms vis-a-vis actually installed is tabulated below:

District	Hydrants required as per norms	Actual number of hydrants installed	Excess	Percentage of excess
North Tripura	795	1577	782	98
South Tripura	794	1837	1043	131
West Tripura	3374	5569	2195	65
			<u>4020</u>	

It would, thus, be seen from the above that in all the three districts of the State, the hydrants were installed much in excess of requirements/norms ranging from 65 to 131 per cent thereby causing loss of water, drainage problem and unhygienic conditions. No reasons for excess provisions of hydrants were intimated by the Department.

It was also noticed that while in one hand 4020 hydrants were created in excess of requirements in 1010 hamlets, on the other hand 3690 hamlets were kept with 'No source' of water. The excess number of hydrants so created (4020) could provide drinking water to at least 10.05 lakhs rural population if planned properly.

(iii) The system of aeration of water at the Iron Removal Plants (IRPs) also contributed substantially towards loss of water as National Environmental Engineering Research Institute estimated in November 1987 that about 40 *per cent* of the water lifted and supplied to the IRPs was being lost in the process of spray aeration of iron removal in the State. The Department, however, did not assess the extent of losses made in its 14 functional IRPs in the State till date of audit (June 1993).

Remedial measures had not been taken (June 1993) by the PHE Department to arrest the water losses nor did it assess the effect of such excessive lifting of water due to above losses on the hydro-geology of the ground water.

4.1.11 *Deep Tube-wells with low discharge*

The Superintending Engineer, PHE Circle, Agartala while collecting (March 1992) certain information on Deep Tube-wells observed that Deep Tube-wells whose discharges were within the range of 1000 to 5000 gallons per hour (GPH) could not be properly utilised for piped water supply scheme.

As on 31 March 1993 there were 51 Deep Tube-wells in the State (19 in North District, 21 in South District and 11 in West District) whose yeild were below 5000 GPH in each case. As per the above contention of the Department, none of these Deep Tube-wells could be utilised properly for piped water supply scheme and the expenditure of Rs. 132.36 lakhs incurred on these Deep Tube-wells proved infructuous.

Attempts to improve these tube-wells had not been made (June 1994).

4.1.12 *Piped Water Supply Scheme (PWSS) in North and South Tripura*

(i) During test-check of the records of the Executive Engineer, Rural Engineering Division, North Tripura, Kumarghat it was noticed that of the seven Piped Water Supply Schemes (PWSS) constructed at Bamancherra, Kachuacherra, Fulbarikandi, Darchai, Roa, Charubassa and Kumarghat under 4 blocks (Kamalpur, Kailashahar, Dharmanagar and Kumarghat) of North Tripura District between the period 1981-82 to 1986-87 at a total cost of Rs. 32.39 lakhs and covering a population of 0.24 lakh, six Deep Tube-wells could not be commissioned and put to use till date of Audit (June 1993) due to non-appointment of Pump Operators. Ultimately these were damaged for want of normal maintenance and supervision.

Despite Government's admission (July 1992) that these schemes were being damaged considerably due to lack of proper maintenance, no action had been taken (June 1993) to bring these schemes into operation. The Government, however, directed (May 1993) the Executive Engineer, RED North Tripura to examine the feasibility of restoration of the schemes at Charubassa and Fulbarikandi with minimum expenditure so that they did not become futile and held the other schemes beyond repairs. The Divisional Officer's report is awaited (June 1994).

Meanwhile, the PHE Division, Kumarghat had constructed 2 piped water supply schemes at Kachuacherra and Roa at a cost of Rs. 2.10 lakhs in February 1988 and October 1991 respectively, which were awaiting commissioning (June 1994). Reasons were not on record.

(ii) Two piped water supply schemes constructed by the Executive Engineer, RE Division, Udaipur at Silachari (Population = 4111) and Kupilong (Population = 4345) in South Tripura District during the years 1984-85 and 1990-91 respectively at a total cost of Rs. 2.27 lakhs had to be abandoned due to (a) low discharge at Silachari and (b) the area (Kupilong) being taken over (April 1991) by Public Health Engineering Department rendering the whole expenditure of Rs. 2.27 lakhs infructuous.

4.1.13 *Non-existence of Tube-wells*

Scrutiny of the records of the three Rural Engineering Divisions, three Collectorates (Kailashahar, Udaipur and Agartala) and 18 Block Officers revealed that out of a total of 14778 ordinary shallow tube-wells sunk between the period April 1984 and September 1988 in 12 Blocks (6471 in West District, 5643 in South District and 2664 in North District) only 13254 tube-wells physically existed at the end of March 1993 causing shortage of 1524 tube-wells between the period October 1988 and March 1993 valued at an approximate cost of Rs. 22.85 lakhs. Actual cost of these tube-wells could not be calculated due to non-maintenance of records by the Department.

Despite the Government's instructions (March 1992) to get all the tube-wells and pipes stamped with 'RWS' mark to check theft of pipes etc., action was not taken by the Rural Engineering Divisions and BDOs to get the pipes etc., so stamped in order to arrest the pilferage. While acknowledging the losses (May 1993), 5 BDOs (Bagafa, Rajnagar, Satchand, Matabari and Amarpur) adduced main reasons for non-existence of the tube-wells to the extremists activities, inability to keep vigil over tube-wells located in remote areas and theft cases. No FIRs were lodged in respect of the theft cases.

4.1.14 *Derelict tube-wells and unusable wells*

The position of derelict tube-wells and unusable wells at the end of March 1993 in the State were as under:

District	Total number of tube-wells		Total number of wells	
	installed existing	derelict	constructed	unusable
1. North Tripura	4585	1232	2908	1004
2. South Tripura	6079	1685	1487	678
3. West Tripura	12186	1268	2254	620

The reasons ascribed (June 1993) by the Divisional Officers of the Rural Engineering Divisions for such a large number of tube-wells becoming derelict and unusable were mainly leakage of pipes due to corrosion, damage of strainers due to choking, presence of excessive iron in sub-soil water strata, lifting of excessive water resulting in draw down/lowering of water strata and old age of the tube-wells. Non-maintenance and non-development of tube-wells and wells was, however, found to be the main reason for such dereliction. The available records did not indicate that Central Ground Water Board (CGWB) were actually consulted for ascertaining ground water resources. Besides un-planned boring also resulted in draw down/lowering of water strata.

4.1.15 *Material Management*

In the Public Health Engineering Department, Resources Division procured different categories of material in bulk and issued them to the executing divisions against specific indents, while in Rural Engineering Division, the Executive Engineer, RED, Agartala was the central procuring authority in respect of materials required for installation and maintenance of Tube-wells. Test-check of the records of these divisions disclosed the following irregularities:

(i) Materials proportionate to the requirement of works were only to be issued but materials for sinking 128 tube-wells of 100×50 mm dia with Mark-II pumps at different places of West Tripura District were issued by the Executive Engineer, RE Division, Agartala during the period from 1988-89 to 1990-91 on the requisition of the contractors without ascertaining the progress of work and the actual requirements from the Executing Divisions. None of these tube-wells were sunk (June 1993) and materials worth Rs. 23.47 lakhs had not been returned by these contractors though the stipulated dates of completion of these tube-wells had expired 2 to 5 years back.

Records revealed that despite the Government's admission (August 1989) that most of the contractors to whom works were awarded were fictitious and their previous experience and technical knowledge of the work was not known to the Department, the Department issued 103 work orders in 1989-90 (66) and 1990-91 (37) which contributed substantially to these extent of losses. The Divisional Officer while admitting the loss stated (April 1993) that the matter was being pursued.

Similarly, materials worth Rs. 4.35 lakhs issued to 9 contractors for sinking 15 tube-wells of 100 × 50 mm dia with Mark-II pumps by the Executive Engineer, RE Division, Kumarghat between the period from December 1987 and November 1991 were awaiting recovery till date of Audit (March 1993) as the contractors had not started the work although the stipulated dates of completion of these works had expired 2 to 5 years back.

The Divisional Officer stated (June 1993) that out of the 9 contractors, one had since returned the materials, one would start the work soon and the tube-well sunk by another contractor had not been functioning. For the remaining 6 contractors, civil suits for recovery were stated to under process. Civil suits have not been initiated yet (June 1994).

(ii) Materials were procured without assessing the realistic requirements of the schemes with the result against 54349.49 metres (cost Rs. 422.72 lakhs) of Cast Iron (CI) pipes of different diameters (200 mm to 500 mm) procured between September 1989 to September 1990 for execution of different water supply schemes, 45382.29 metres of CI pipes worth Rs. 352.56 lakhs (84 per cent of total procurements) remained unused (June 1993) with the Resources Division (Sub-division at Panchamukh 39192.39 metres and Dharmanagar 6189.90 metres).

Similarly, 10407.89 metres of Galvanised Iron (GI) pipes of different dia costing Rs. 7.17 lakhs procured by the Rural Engineering Divisions, Agartala and Kumarghat between February 1983 to March 1984 and 2833.03 metres of Cast Iron Pipes of different dia procured for Rs. 22.08 lakhs by the Executive Engineer, PHE Division No. II, Kumarghat during the years 1988-89 to 1991-92 became surplus reportedly due to discontinuance of the schemes to which the materials were procured. The contention of the Department was not acceptable to Audit since piped water supply schemes were still being implemented in the State by the PHED.

(iii) Contrary to the provisions of Public Works Account Code the entire expenditure on purchase of materials (Rs. 415.62 lakhs) was booked by the Executive Engineer, PHE Division, Kumarghat under an

omnibus final head of account "ARWS in North Tripura" and no scheme-wise apportionment was done. As a result of this scheme-wise utilisation of the material could not be ascertained.

(iv) For services rendered or supplies made by one Division to another, the expenditure incurred by the Originating Division had to be accounted for under a transitory head called "Cash Settlement Suspense Account" pending settlement of the claim with the Receiving Division. The settlement was to be done either by cheque or by demand draft within 10 days of receipt of the claim. Claims for Rs. 493.77 lakhs pertaining to the years 1986-87 to 1992-93 raised by the Resources Division for supply of materials to 3 divisions (PHE Division No. II, Kumarghat; PHE Division No. III, Udaipur and PHE Division No. IV, Agartala) were awaiting settlement at the end of March 1993.

The accounts of the schemes, thus, remained incomplete as expenditure incurred up to 1992-93 on the schemes was understated to the extent of Rs. 493.77 lakhs in 3 divisions. Non-reconciliation of claims by the responding divisions, introduction of letter of credit system and financial constraints were found to be the main reasons for such huge accumulation.

(v) Executing Divisions procuring materials from the Resource Division through indents were required to maintain material-at-site Accounts in respect of each scheme but preparation of the same was in arrears.

There were no records to show that physical verification of materials brought at site was ever conducted by the Executing Divisions in any case. None of the BDOs maintained the history sheets of the tube-wells.

4.1.16 *Quality of water*

One of the main objects of the scheme was to ensure sustained availability of adequate and safe drinking water by evolving effective and practical solution to the identified problems.

4.1.16.1 *Removal of excess iron*

The Science, Technology and Environment Department classified (1989) the ground water of the State as highly ferrogenic and recommended for elimination of iron so as to make it suitable for community use. Against the permissible limit of 0.3 to 1 ppm (parts per million) per litre, the iron contents of water in the different parts of the State varied from 1.5 ppm (Kamalpur) to 25 ppm (Simna). Test-check of records of the Rural Engineering Divisions, Agartala, Kumarghat and Udaipur revealed that against 5302 Mark-II Tube-wells in the State

only 351 Iron Removal Plants (IRPs) were procured during the year 1990-91 at a cost of Rs. 30.27 lakhs. Of these, only 97 IRPs were installed (June 1993) in West District (90) and South District (7) and the remaining 254 IRPs (value: Rs. 21.90 lakhs) remained unutilised as of June 1993. Of the 97 installed IRPs, only 49 IRPs were actually working. No IRPs were installed in North District where iron content was the highest ranging from 1.5 ppm (Kamalpur) to 18.7 ppm (Dharmanagar) despite 254 IRPs available with the Rural Engineering Department.

The Divisional Officer's statement (April 1993) that IRPs were being installed where iron content in water was excessive was not tenable as it could not explain why not a single IRP was installed in North District where iron content was highest in the State.

Similarly, scrutiny of records of the PHE Divisions, Agartala, Kumarghat and Udaipur revealed that out of 266 Deep Tube-wells (64 in North, 70 in South and 132 in West Districts) only 26 (8 in North, 6 in South and 12 in West Districts) were provided with the IRPs and even out of these 26 IRPs only 14 were in working order (June 1993). None of the 6 IRPs installed between 1984 and 1991 in South District were working (June 1993) since their installation. Although for effective performance of the IRPs, the charcoal used therein had to be changed at least once in a quarter but in none of these 14 IRPs, charcoal was ever changed.

4.1.16.2 *Control of lead in drinking water and disinfection of distributaries*

(i) Lead if consumed in unsafe quantity (maximum permissible limit = 0.01 mg per litre) causes damage to Brain, Kidney, Nervous system and Red Blood Cells in human bodies. PHE Department, however, did not assess the level of lead contamination and continued to use lead in pipe-line joints (June 1994).

(ii) Distribution systems had to be disinfected at least every 4 months as a routine measure to minimise the incidence/level of water contamination. Records relating to disinfection of distribution systems in three PHE Divisions for the period from 1984-85 to 1992-93 were not produced to Audit (June 1993).

4.1.16.3 As a result of survey conducted by the Regional Food and Drug Laboratory, Science, Technology and Environment Department recommended (1988) purification of drinking water sources to safeguard the rural population against Goitre, Dental fluorosis, etc. The Department, however, did not take up (June 1994) any scheme for purification of water sources by iodisation or flouridation.

4.1.17 *Failure of the programme and its impact on rural health*

Tes-check of the records of Health Department, as well as of the Science, Technology and Environment Department revealed that water-borne diseases continued to be one of the major causes of morbidity and mortality in the rural areas although the programme should have lowered the extent of such incidence.

Studies sponsored by the Science, Technology and Environment Department and conducted by the Health authorities of the State in August 1989 confirmed that—

- (a) High Iron-content areas had high incidence of Gall-stones.
- (b) Choleliathisis associated with high incidence of Gall-bladder carcinoma in patient with Gall-stones above the age of 40 years have high mortality and morbidity.

(c) Between the period 1970 and 1989, out of 2452 cases of choleliathisis admitted in the Govinda Ballav Panth Memorial (GB) Hospital, 94 cases belonged to the paediatric groups (below 14 years) and were found to be the largest reported (600) till then in the world.

(d) One of the main reasons for high incidence of Superficial Punctate Keratites (SPK) (an eye-disease) was use of stagnant water of dug-wells, ponds having some chemical contents like Magnesium beyond the permissible limit (102 to 123.6 ppm).

(e) Science, Technology and Environment Department in its report admitted (1989) that none of the drinking water sources in rural areas had water treatment plants and tanks, ponds and shalow dug-well/tube-wells, which were the primary sources of water, were exposed to various pollutions from effluents discharging into them.

(f) Records revealed occurrence of diarrhoeal epidemic in Chamanu areas of North District during April-May 1990; October-November 1991 and March-May 1992 and no month was free from Diarrhoeal admissions. In Jirania Rural Hospital, the percentage of total patients treated for gastro-enteric diseases to the total patients registered for treatment varied from 12 in the year 1988-89 to 26 in the year 1992-93 and percentage of deaths on account of gastro-enteritis and other water-borne diseases varied from 25 in the year 1989-90 to 44 in the year 1992-93 of the total deaths in those years.

An analysis of the records of the Kailashahar District Hospital revealed that the death toll on account of gastro-enteric disease during September-December 1991 in North Tripura alone was 230. Records of the Kailashahar and Udaipur District Hospitals for the years 1990-91 to 1992-93 showed that 30, 12 and 8 *per cent* of the total deaths reported in those hospitals during 1990-91, 1991-92 and 1992-93 respectively were due to gastro-enteric diseases.

The National Institute of Communicable Diseases, New Delhi in their report (May 1992) adduced the main reason of the outbreaks of gastro-enteric epidemic in Tripura, *inter alia*, to the intake of water by most of the tribal population (5.84 lakhs as per 1981 census) directly from rivers and rivulets which were not amenable to chlorination and vulnerable water supply (charra water). The State Government could not furnish reason for such a large population being dependent on drinking water from rivers and rivulets especially when the Government of India was informed from time to time that all problem villages had been provided fully or partially with safe drinking water facilities.

4.1.18 *Other topics of interest*

4.1.18.1 *Non-recovery of dues from the contractor*

The Executive Engineer, PHE Division No. III, Udaipur entrusted (December 1982) the work of drilling and development of 10 Deep Tube-wells in different places of South Tripura during the year 1982-83 to the lowest tenderer 'Contractor-A' for Rs. 6.87 lakhs (5.5 per cent below the estimated cost of Rs. 7.27 lakhs) stipulating completion by June 1983. Since the contractor left (February 1984) the work after sinking only 4 Deep Tube-wells between August 1983 and January 1984, the Executive Engineer rescinded the contract in January 1985 at the risk and cost of the contractor and entrusted the balance work (October 1984) to another Contractor B for Rs. 6.96 lakhs, which was completed in August 1985. The extra expenditure of Rs. 2.88 lakhs was recoverable from the Contractor A.

In addition, an amount of Rs. 5.10 lakhs was also recoverable from the Contractor A on account of cost of materials (Rs. 4.19 lakhs which were issued to him in excess of requirements and disproportionate to the progress of work), repairing cost (Rs. 0.17 lakh) and penalty (Rs. 0.74 lakh). The Division had an amount of Rs. 0.36 lakh only as security deposit of the Contractor A and even this was not forfeited by the Department.

4.1.18.2 The work regarding drilling and development of Deep Tube-wells in the different parts of South Tripura District during the year 1985-86 (Gr-II) under RWS (MNP) scheme was awarded (November 1985) by the Executive Engineer, PHE Division No. III, Udaipur, to the lowest tenderer at his tendered value of Rs. 9.84 lakhs against the estimated cost of Rs. 9.72 lakhs with the stipulation to complete the work by May 1986. The work was actually completed in April 1987 and final measurement was taken in December 1987.

An analysis of the final bill revealed that against an amount of Rs. 0.02 lakh payable to the contractor by the Division, the Contractor

owed Rs. 2.12 lakhs to the Division, being the cost of materials (Rs. 2.06 lakhs) and cost of Tools and Plants (Rs. 0.06 lakh). An amount of Rs. 0.54 lakh was stated to be available at the credit of the contractor with the Division. An amount of Rs. 1.56 lakhs had, thus, not been recovered from the contractor.

4.1.18.3 In order to meet the requirements for sinking of Mark-II Tub-wells during the year 1990-91, offers for supply of GI pipes were received by the Executive Engineer, Rural Engineering Division, Agartala from different firms located at New Delhi, Guwahati, Kanpur etc. On scrutiny of the offers the Divisional Officer found (May 1989) the rates of Kanpur based firm as lowest. Despite the Divisional Officer's above observation the Kanpur based firm was not favoured with supply orders. This resulted in an extra expenditure of Rs. 3.99 lakhs towards Central Sales Tax.

No reasons for purchasing pipes at higher rates ignoring the lower rates of Kanpur based firms necessitating extra expenditure of Rs. 3.99 lakhs were furnished. On this being pointed out (March 1993) in audit, the Divisional Officer stated in April 1993 that supply order had been placed as per Government decision. Specific decision of the Government was not made available for audit scrutiny.

4.1.18.4 Without calling for the competitive tenders the Executive Engineer, Resources Division, Agartala, at the instance of the Chief Engineer, Public Health Engineering and Irrigation and Flood Control Department, tenders entered (October 1988) into an agreement with a local supplier for supply of 60000 metres of HDP pipes (24000 metres of 110 mm diameter and 36000 metre of 90 mm diameter) for different water supply schemes at a total cost of Rs. 49.56 lakhs with the stipulation to complete the supplies by 31 March 1989. The pipes were, however, supplied by the firm between October 1988 and June 1989.

Scrutiny of the records revealed that the Division had paid (June 1989) Rs. 9.92 lakhs to the firm being the reimbursement of import duty on 66 tonnes of raw materials procured for production of HDP pipes on the basis of an order issued (May 1989) by the Chief Engineer. The order (May 1989) was subsequently (December 1989) cancelled and an amount of Rs. 8.37 lakhs was recovered (March 1990) from the supplier's bills and the firm was requested (April 1990) by the Division to refund the balance amount of Rs. 1.55 lakhs. In the meantime the firm submitted (July 1989) another claim for Rs. 9.88 lakhs on this account which was not honoured by the Division. The Division had paid Rs. 9.92 lakhs to the supplier in June 1989 which remained with the supplier up to March 1990 when Rs. 8.37 lakhs were recovered.

The balance amount of Rs. 1.55 lakhs remained unrecovered. The liability of the Division was crystallised only in February 1992, as a result of award given by the Arbitrator. Thus, a sum of Rs. 9.92 lakhs for the period of 9 months and Rs. 1.55 lakhs for a period of 23 months remained with the supplier irregularly on which no interest has been charged by the Division.

Interest at the rate of 13 *per cent*, being the market rate of borrowing by the Government comes to Rs. 1.35 lakhs as under:

(i)	On Rs. 9.92 lakhs for 9 months =	Rs. 96,720
(ii)	On Rs. 1.55 lakhs for 23 months =	Rs. 38,620
		<hr/>
		Rs. 135,340

On being aggrieved, the supplier referred the case to the Arbitrator and claimed *inter alia*, reimbursement of Rs. 9.88 lakhs and refund of Rs. 8.37 lakhs recovered by the Department. The Arbitrator in his award (February 1992), *inter alia*, imposed an additional interest at 10 *per cent* on the awarded amount of Rs. 14.23 lakhs with effect from 28 February 1992 till date of actual payment. The decretal amount (Rs. 16.59 lakhs) was paid in March 1993 which included a penalty of Rs. 2.36 lakhs on delayed payment.

The Divisional Officer while conceding the lapses stated (June 1993) that as per instructions of the Law Department, while all possible arrangement to file an appeal in the High Court against the Judgement of the Arbitrator were under process, all the relevant documents in original pertaining to the cases had been called back by the competent authority (not specified) and the Division could not get back the files within the permissible time, for filing the appeal. This resulted in non-preference of appeal in the High Court and extra payment of Rs. 16.59 lakhs to the supplier. Besides above the Department also sustain a loss of Rs. 1.35 lakhs for non-preference of interest claims.

4.1.19 *Monitoring and Evaluation*

A monitoring cell was created in December 1987 in the office of the Chief Engineer, PHED and IFC to monitor the progress in implementation of projects and for collection and reporting information connected therewith to the Central Government. Though routine quarterly statements showing number of villages/population covered etc., were being sent to the Government of India, there was nothing on record to indicate any remedial measures having been taken to adhere to the time schedule for completion of various schemes.

There was no system of evaluation of individual schemes ensuring accrual of intended benefits to the beneficiaries, assessing the per capita cost of the scheme, the capabilities of the Department to cover problem villages and effectiveness of the existing arrangements for execution of schemes and maintenance thereof.

The matter was referred to the Government (September 1993); reply has not been received (June 1994).

ANNEXURE I

Statement showing the Block-wise Coverage of Hamlets (Reference Para 4.1.6(ii))

Name of District/Block	Number of hamlets					Percentage of hamlets covered to the total hamlets	Number of sources damaged/defunct	Percentage of sources damaged to the total hamlets covered
	Total number of hamlets	Having piped water supply schemes	Having Mark-II Tube-well	Having other sources like ordinary Tube-well, Masonary Well etc.	Having no source of water			
1	2	3	4	5	6	7	8	9
North Tripura District								
1. Kumarghat	320	53	147	29	91	72	34	15
2. Kanchanpur	407	26	13	—	368	10	—	—
3. Chaumanu	451	35	176	10	230	49	22	10
4. Panisagar	244	50	99	—	95	61	63	42
5. Salema	367	32	176	21	138	62	96	42
Total	1789	196	611	60	922	48	215	25
South Tripura District								
1. Rajnagar	338	35	202	—	101	70	70	30
2. Bagafa	455	42	217	48	148	67	19	6
3. Matabari	198	67	56	—	75	62	25	20
4. Dumburnagar	269	7	16	—	246	9	21	91
5. Satchand	487	28	146	8	305	37	132	73
6. Amarpur	588	98	183	3	304	48	6	2
Total	2335	277	820	59	1179	49	273	24

ANNEXURE I—Concl'd.

Statement showing the Block-wise Coverage of Hamlets (Reference Para 4.1.6(ii))

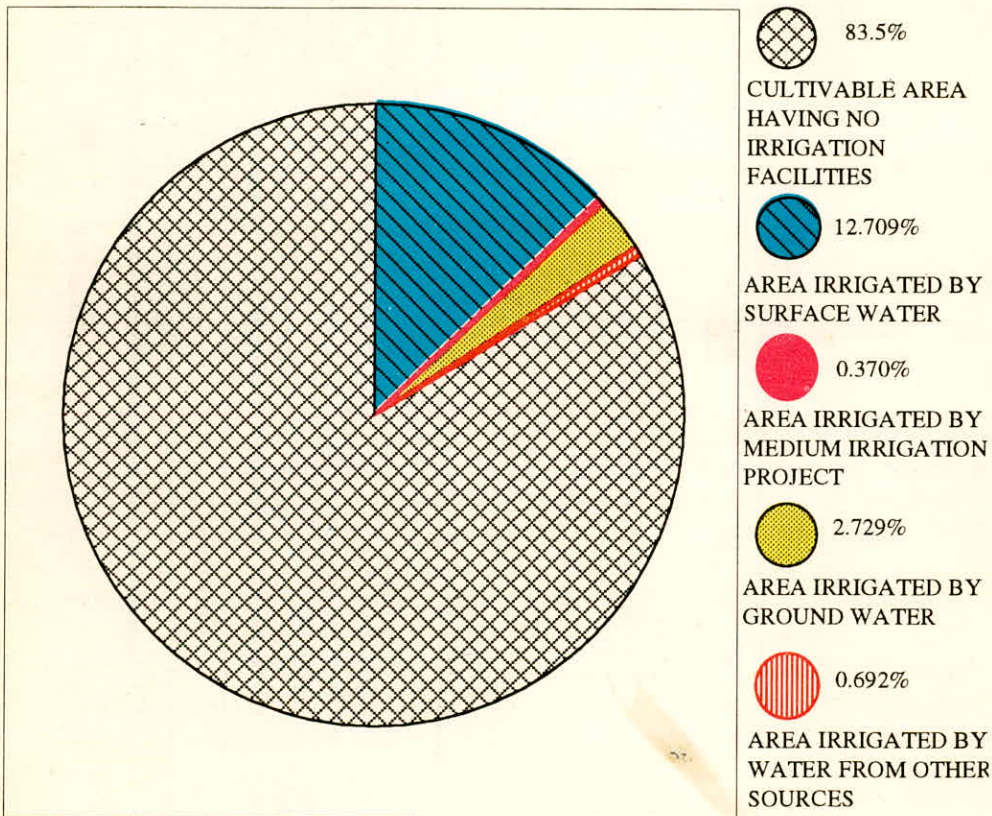
Name of District/Block	Number of hamlets					Percentage of hamlets covered to the total hamlets	Number of sources damaged/defunct	Percentage of sources damaged on defunct to the total hamlets covered
	Total number of hamlets	Having piped water supply schemes	Having Mark-II Tube-well	Having other sources like ordinary Tube-well, Masonary Well etc.	Having no source of water			
1	2	3	4	5	6	7	8	9
West Tripura District								
1. Khowai	321	72	143	27	79	75	26	11
2. Melaghar	373	53	167	5	148	60	26	12
3. Jirania	595	70	75	27	423	29	65	38
4. Takarjala	352	16	104	—	232	34	28	23
5. Mohanpur	600	110	209	—	281	53	83	26
6. Bishalgarh	495	158	263	4	70	86	152	36
7. Teliamura	619	58	133	72	356	42	76	29
Total	3355	537	1094	135	1589	53	456	26
GRAND TOTAL	7479	1010	2525	254	3690	51	944	25

ASSURED IRRIGATION AREA IN TRIPURA
AT THE END OF SEVENTH FIVE-YEAR PLAN

TOTAL AREA—10,49,100 ha
CULTIVABLE AREA —2,70,000 ha.

ASSURED IRRIGATED AREA—44,555 ha.(net)
(16.50% of cultivable area)

34,315 ha.	IRRIGATED BY SURFACE (12.709%) WATER (Lift irrigation, diversion irrigation, seasonal bundh etc.)
1000 ha.	IRRIGATED BY M.I.P. (0.370%)
7370 ha.	IRRIGATED BY GROUND (2.729%) WATER (Deep tubewell, shallow tubewell, artisan well, dug well etc)
1870 ha.	IRRIGATED BY WATER FROM (0.692%) OTHER SOURCES



PIE CHART SHOWING THE AREA COVERED BY
ASSURED IRRIGATION OUT OF THE TOTAL CULTIVABLE
AREA AT THE END OF SEVENTH FIVE-YEAR PLAN

4.2 Medium Irrigation Projects

4.2.1 Introduction

Agriculture is the mainstay of the economy of Tripura, the topography of the State is predominantly hilly. The area of the State of Tripura is 1049100 hectares (ha) of which only 270000 ha is cultivable. Till the end of Seventh Five-Year Plan 44555 ha (Net) of area were brought under the purview of assured irrigation. The area irrigated by surface water through Medium Irrigation, Minor Irrigation Schemes etc., is shown through graphic representation.

Three Medium Irrigation Projects (MIP) viz., Gumti, Khowai and Manu were taken up in 1980-81, 1984-85 and 1986-87 respectively to create additional irrigation potential of 13199 ha.

4.2.2 Organisational set up

The execution of the projects was entrusted to the Irrigation and Flood Control (IFC) wing of the PWD headed by an Engineer-in-Chief-cum-Secretary, PWD assisted by Chief Engineer (Irrigation and Flood Control) one Superintending Engineer and three Executive Engineers.

4.2.3 Audit coverage

A mid-term appraisal of the projects undertaken appeared in paragraph 4.1 of the Report of the Comptroller and Auditor General of India for the year ended March 1986. This was discussed by Public Accounts Committee and included in its Fiftieth (Sixth Assembly) presented in September 1992. A test-check of the records relating to the year 1986-87 to 1992-93 was conducted between May-August 1993 and important points noticed are mentioned in the succeeding paragraphs.

4.2.4 Highlights

—Three MIPs viz., Gumti, Khowai and Manu were taken up to create irrigation potential of an additional 13199 ha of land (Gumti : 4486 ha, Khowai : 4515 ha and Manu : 4198 ha) at

an estimated cost of Rs. 10,559.02 lakhs (Gumti : Rs. 3,195 lakhs, Khowai : Rs. 4,036.02 lakhs and Manu : Rs. 3,328 lakhs). Though an amount of Rs. 5,438.94 lakhs (Gumti : Rs. 1,837.98 lakhs, Khowai : Rs. 2,449.81 lakhs and Manu : Rs. 1,151.15 lakhs) have been expended, only 1000 ha of land could be irrigated. The time overrun is 12 years in case of Gumti and Khowai, 10 years in respect of Manu.

—The delay in completion of the projects resulted in cost overrun to the tune of Rs. 8,442.48 lakhs (Gumti : Rs. 2,607 lakhs, Khowai : Rs. 3,326.02 lakhs and Manu : Rs. 2,509.46 lakhs).

—Gumti and Manu MIPs have become economically unviable since the benefit-cost ratio has come down to 1.38 and 1.41 respectively as against permissible ratio of 1.5.

(Paragraph 4.2.5.1.1 to 4.2.5.1.3)

—Excess dewatering done at a cost of Rs. 3.97 lakhs in Manu Medium Irrigation Project over annual targets during the period 1991-92 proved infructuous due to non-execution of the items envisaged in the annual programme.

—In Khowai Medium Irrigation Project, an amount of Rs. 10.64 lakhs incurred on dewatering after the working season was over, was wasteful.

(Paragraph 4.2.6.2(a), (b))

—Payment of escalation charges due to increase in cost of materials and POL on the basis of the gross value of work done in lieu of net value (excluding the cost of materials supplied departmentally) led to an excess payment of Rs. 40.42 lakhs.

(Paragraph 4.2.6.1(a))

—Inadmissible escalation charges of Rs. 128.29 lakhs were paid on materials supplied by the Department.

—Unrealistic negotiations with the contractors led to a loss of Rs. 88.28 lakhs.

(Paragraph 4.2.6.1(b))

—Interest-free mobilisation advances and advances against machinery amounting to Rs. 307.38 lakhs were paid to two firms for construction of barrage and canals at Gumti, Khowai and Manu. The Department did not work out the financial implications of the interest-free advances while evaluating the tenders. This resulted in undue benefit of Rs. 148.63 lakhs by way of interest to the firms.

(Paragraph 4.2.6.4)

—The Head Works Division, Manu and Khowai did not claim reimbursement of road transport charges for 3088.07 MT of iron and steel materials transported by them from the producer's stockyard within the prescribed date of JPC and thereby sustained a loss of Rs. 22.86 lakhs.

(Paragraph 4.2.6.5)

—Delay in acquisition of land led to an extra expenditure of Rs. 13.85 lakhs. In addition, an expenditure of Rs. 4.53 lakhs was incurred towards payment of compensation for damage of crops and reimbursement of the cost of ferry service.

(Paragraph 4.2.6.7)

—Back carriage of 1950 MT of cement from Central Stores, Agartala and 705.20 MT of steel materials from Gumti Project, Maharani to Khowai Headworks Division, Chakmaghat, entailed an extra expenditure of Rs. 5.45 lakhs.

(Paragraph 4.2.6.8)

—Adoption of incorrect formula for determination of the amount of escalation charges in respect of vertical and micro-hydel gates for barrage over river Gumti at Maharani resulted in an excess payment of Rs. 67.27 lakhs to the contractor.

(Paragraph 4.2.6.9)

—At the instance of the Chief Engineer, IFC, the Executive Engineer, Gumti Canal, Khowai Head Works and Manu Head Works Division made a book adjustment in January 1990 of the cost of materials valued Rs. 100.33 lakhs by transferring from the respective works accounts to the stock account of the Resource Division and managed to obtain additional funds of identical amount for 1989-90. The Finance Department, however, did not enquire about the sudden reduction in expenditure.

(Paragraph 4.2.6.10)

—Steel material valued Rs. 7.29 lakhs and Rs. 23.37 lakhs procured between 1981 and 1989 were lying unused in Gumti Barrage and Khowai Head Works Division respectively since 1981 and 1989 resulting in blocking of Government funds to the extent of Rs. 30.66 lakhs and loss of interest of Rs. 24.69 lakhs.

(Paragraph 4.2.6.11(a))

—Non-deduction of Sales Tax amounting to Rs. 2.37 lakhs at source by the Executive Engineer, Manu Head Works Division, led to an undue benefit to the contractor to that extent.

—Executive Engineer, Manu Head Works Division, exceeded the ceiling limits of award of works without call of tenders by Rs. 50.19 lakhs during the period from 1986-87 to 1992-93.

(Paragraph 4.2.6.14)

—Expenditure of Rs. 33.43 lakhs incurred on acquisition of land, construction of canal, sumpwell and pump house in Reference Distance (RD) between 4.063 km and 7 km of the left bank of Gumti canal proved wasteful due to change in alignment.

(Paragraph 4.2.6.16)

—RCC spun pipes costing Rs. 69 lakhs procured (1991-92) for left bank canal of Gumti project remained idle due to change in alignment.

(Paragraph 4.2.6.16.2)

—Due to adoption of unrealistic formula for payment of escalation charges a sum of Rs. 32.33 lakhs was paid to the contractor against the actual expenditure of Rs. 2.30 lakhs incurred by the firm on cost of materials and thereby giving unintended benefit of Rs. 30.03 lakhs to the firm.

(Paragraph 4.2.6.16.3)

—Due to failure on the part of the Department to settle the issues that emerged in the course of construction of right bank canal of Gumti project, the Department had to pay an extra amount of Rs. 26.46 lakhs on account of escalation charges beyond the stipulated date of completion.

(Paragraph 4.2.6.17.1)

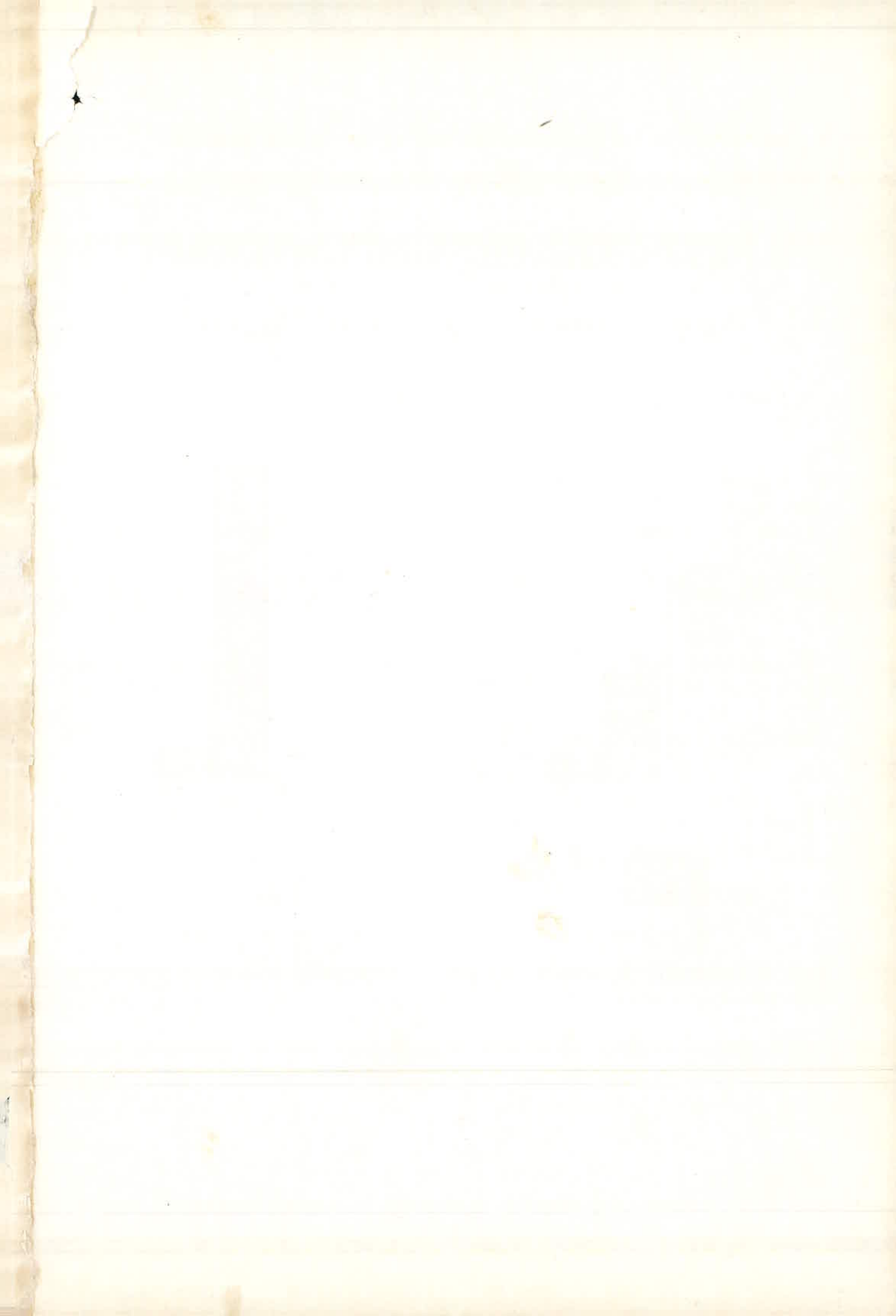
—Unrealistic estimation of the quantum of works of the right bank canal portion from RD 1368 metres to 3475 metres of Gumti project led to payment of additional amount of Rs. 4.28 lakhs.

(Paragraph 4.2.6.1.7.2(i))

4.2.5.1 Target and Achievements

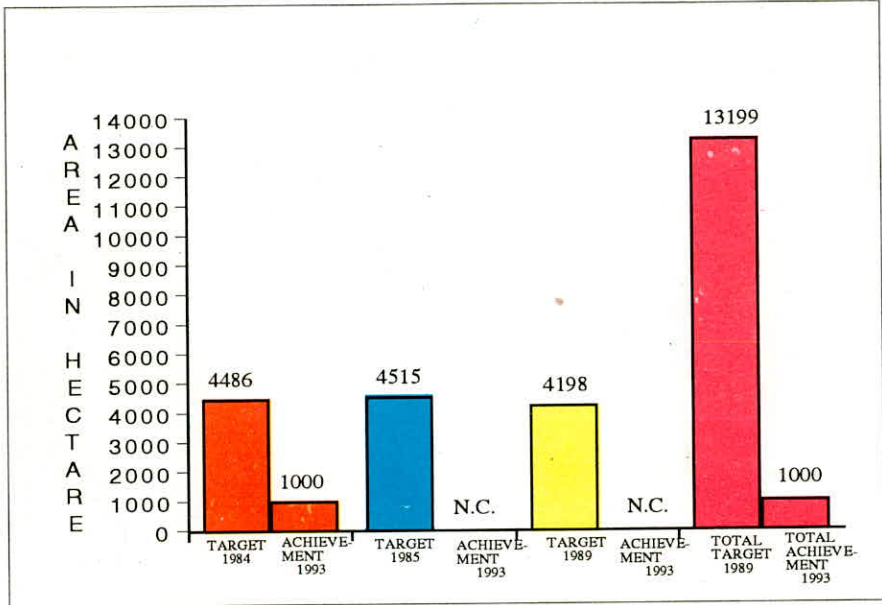
Physical and financial targets and achievements in respect of all the three Medium Irrigation projects at the end of March 1993 are shown by pictorial representation:

The two graphs given at prepage show that on completion of these three projects 13199 ha (Net) were targeted to be irrigated by 1989 (4486 ha by 1984 on completion of Gumti, 9001 ha by 1985 on completion of Khowai (4515 ha) and 13199 by 1989 on completion of Manu (4198 ha) at a cost of Rs. 2,116.45 lakhs (revised to Rs. 10,559.02 lakhs). But at the end 1993, 1000 ha (Net) of land were irrigated by Gumti MIP only while no land was irrigated by other two projects, though an amount



MEDIUM IRRIGATION PROJECTS IN TRIPURA

GRAPH 1—SHORTFALL IN PHYSICAL ACHIEVEMENTS



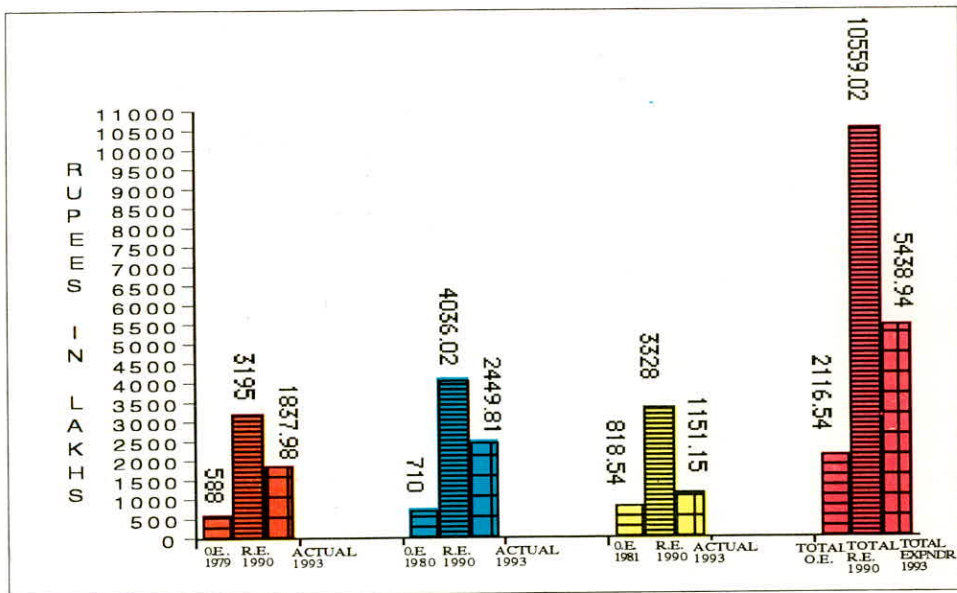
GUMTI IRRIGATION PROJECT

KHOWAI IRRIGATION PROJECT

MANU IRRIGATION PROJECT

TOTAL OF THE THREE PROJECTS

GRAPH 2—INCREASE IN EXPENDITURE



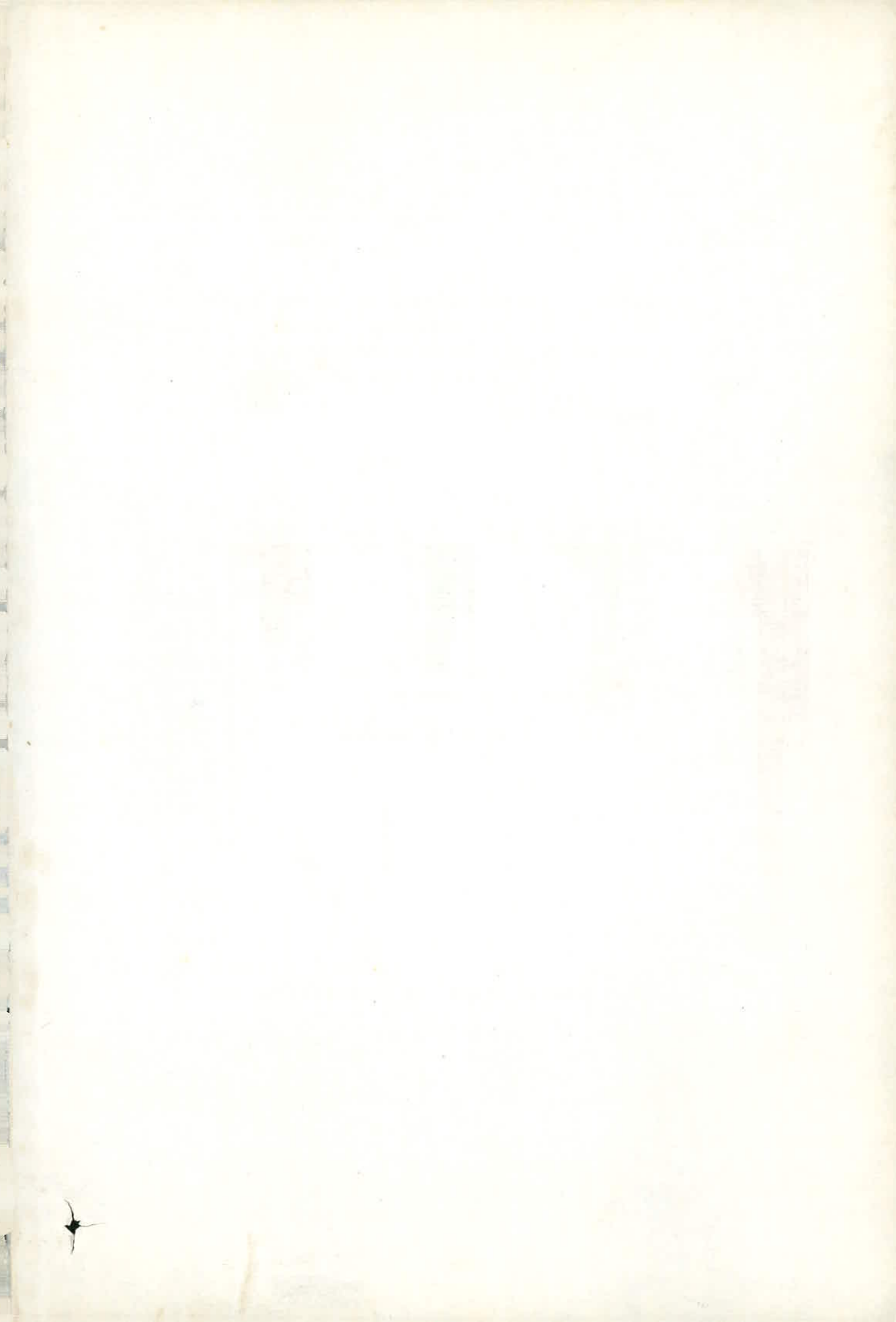
FOOT NOTE:

GRAPH 1—Target means area to be irrigated on completion of a Project (as per Project Report).

N.C. denotes 'Not Completed' /'Not Commissioned'.

GRAPH 2—O.E. denotes "Original Estimate".

R.E. denotes "Revised Estimate".



of Rs. 5,438.94 lakhs (Gumti : Rs. 1,837.98 lakhs, Khowai : Rs. 2,449.81 lakhs and Manu : Rs. 1,151.15 lakhs) had already been spent.

4.2.5.1.1 *Gumti Medium Irrigation Project*

This project was approved by Central Water Commission (CWC) in March 1979 (estimated cost : Rs. 588 lakhs) to create irrigation potential for 4486 ha in the South Tripura District and was scheduled to be completed by March 1984. The first revised estimate for Rs. 1,954 lakhs (232 per cent of original cost) and the second one for Rs. 3,195 lakhs (443 per cent of original and 64 per cent of 2nd estimated cost) were sent to Central Water Commission (CWC) for clearance in December 1985 and October 1990 respectively. None of them have been cleared as yet (June 1994). The project envisaged construction of a barrage and 2 canals for a total length of 46.9 km (right bank canal : 23.4 km and left bank canal : 23.5 km). The benefit cost ratio of 1.69 was envisaged as per project report which had declined to 1.40 and 1.38 according to first and second revised estimates respectively which was a far adverse ratio than the permissible one of 1.5 for irrigation purpose and has become economically unviable according to the CWC (February 1993). Department, however, approached (March 1993) the CWC to relax the limit as Tripura was situated in a remote locality and is in the North-Eastern Region where cost of materials was abnormally high due to higher transportation cost. Further development was awaited (June 1994).

The construction of the barrage commenced in April 1981, and was completed in January 1987 as against the stipulated period of 2 years as per contract, it was commissioned on 14 February 1989 with a canal length of 5.2 km (right bank : 0.7 km, left bank : 4.5 km).

Expenditure incurred at the end of March 1993 was Rs. 1,837.98 lakhs. The project is expected to be completed by March 1996.

4.2.5.1.2 *Khowai Medium Irrigation Project*

Khowai Medium Irrigation Project was approved in May 1980 (estimated cost : Rs. 710 lakhs) to irrigate 4515 hectares of land in Tripura West District. The project report envisaged completion of the project by the year 1984-85. The project has not been completed as of August 1993. First revised estimate for Rs. 4,036.02 lakhs was processed (November 1990) for obtaining clearance from CWC which is yet to be approved (August 1993). The project comprised of construction of a barrage and 2 canals for a total length of 38.8 km (right bank : 14.4 km and left bank : 24.4 km).

Construction of barrage was taken up in November 1984 and was expected to be completed by 1986; but had not been completed as yet (August 1993), though an amount of Rs. 2,449.81 lakhs (up to March 1993) had been incurred against the revised estimates of Rs. 2,295.56 lakhs. The work relating to construction of canal had not been taken up and only survey for alignment of canal and land acquisition was in progress (August 1993). The project was expected to be completed in March 1997.

The benefit-cost ratio was calculated to be 1.82 which came down to 1.63 as per revised estimate of cost 1990.

4.2.5.1.3 *Manu Medium Irrigation Project*

The project was approved in August 1981 (estimated cost : Rs. 818.54 lakhs) to create irrigation facilities for 4198 ha of land in North Tripura District. The project was expected to be taken up during the year 1983-84 and completed in the year 1988-89. The project envisaged construction of a barrage over river 'Manu' at Nalkata and a canal for a total length of 45 km. The canal was to start from the left bank of the river and after 34 km cross the same river whereafter it would be renamed as the right bank canal and would run for another 11 km. The revised estimate for Rs. 3,328 lakhs was sent (November 1990) to CWC for clearance which was, however, awaited (August 1993). The benefit-cost ratio of 1.74 envisaged in the project report had declined to 1.41 according to the revised estimate of cost, 1990 which was below the permissible limit of 1.5. Hence this project also became economically unviable. In this case also the Department has approached (March 1993) CWC for relaxation as was done in the case of Gumti MIP. Further development are awaited (June 1994).

The work relating to the construction of barrage was taken up in 1986-87 and was yet to be completed (August 1993). The expenditure incurred to the end of March 1993 was Rs. 1,151.15 lakhs. The work pertaining to construction of canal has not been taken up as yet (August 1993). The project is now expected to be completed by March 1997.

The delay in completion of all the three projects was attributed by the Department to:

(1) *Common reasons*

- communication/transportation bottlenecks,
- short working seasons,
- labour problems,
- land acquisition problems.

(2) *Specific reasons*

Gumti MIP: Breach of coffer dam, induction of Micro-Hydel Power House, shortage of fuel and problem faced due to sliding and swelling of soil.

Khowai MIP: Change in design and inadequate labour strength deployed by the contractor.

Manu MIP: Problem of acquisition of a Senior Basic School near the project site and inadequate labour strength deployed by the contractor.

While the Department was well aware of communication/transportation bottleneck and short working seasons and the same were also envisaged in the Project Reports, the projects (Khowai and Manu) were also found to be delayed due to insufficient deployment of personnel for technical supervision of the projects.

The targeted period of completion of the projects was five years from the date of commencement of work. However, it was noticed that none of the projects has been completed so far (June 1994). The time overrun being twelve years in case of Gumti and Khowai, ten years in respect of Manu up to the expected date of completion. Delay in completion of the projects resulted not only in cost overrun of Rs. 8,442.48 lakhs (Gumti : Rs. 2,607 lakhs, Khowai : Rs. 3,326.02 lakhs and Manu : Rs. 2,509.46 lakhs) but also loss of Rs. 1,449.42 lakhs (Gumti : Rs. 634 lakhs, Khowai : Rs. 251.01 lakhs and Manu : Rs. 564.41 lakhs) annually being the net value of agricultural produce.

4.2.6 *Topics of interest*

The construction of the barrages for all the three projects viz., Gumti, Khowai and Manu was entrusted to one firm (a Government of India Undertaking).

The work of Gumti MIP was awarded in October 1980. With the approval of Works Advisory Board and the Council of Ministers, the work of Khowai MIP was awarded in December 1983 at the same rates and with same terms and conditions as in case of Gumti MIP. In case of Manu MIP work was awarded in March 1986 after call of tenders.

The agreements for the works of Gumti and Khowai provided, *inter alia*, for quarterly payment of price escalation charges on account of increase in cost of living index and Petrol, Oil and Lubricants (POL). According to the terms of agreement, escalation in price in respect of living index was to be paid on the basis of work done during a quarter as per "payment schedule" whereas in case of escalation on account of materials and POL the basis would be 'payments received'. But in case

of Manu MIP quarterly escalation charges were payable on the basis of gross value of work done during the quarter in respect of living index, material and Petrol, Oil and Lubricants. The irregularities noticed in all the three projects on escalation charges and other items were as follows:

✓ 4.2.6.1 (a) During review of the Gumti MIP (July-August 1993) it was noticed that payment on account of escalation in prices in respect of all items of work including POL, material, and living index etc., had been made up to the quarter ended March 1983 for an amount of Rs. 44.55 lakhs on net value of work done. Chief Engineer (IFC) by an order of January 1984 reversed the mode of calculation and ordered the payment of escalation charges on the gross value of work done although all construction materials were issued by the Department at a pre-determined fixed rates. Accordingly an amount of Rs. 84.97 lakhs was paid which resulted in an excess payment of Rs. 40.42 lakhs.

✓ (b) Agreements also provided that if during the progress of work, the price of materials utilised in the works (not being materials supplied by Government) increased as a result of fresh law or statutory rules and orders and such increases exceeded 10 per cent of the price prevailing at the time of tender and if the contractors had actually paid such increased price, they would be allowed the increased price on production of valid proof.

Scrutiny of the records (May-August 1993) revealed that all the materials required for projects were issued by the Department at a pre-determined fixed rates and there were no records to show that contractors had purchased materials at increased rates to entitle them for escalation charges. All the three Divisions, however, paid Rs. 128.29 lakhs (Gumti : Rs. 13.11 lakhs; Khowai : Rs. 94.18 lakhs and Manu : Rs. 21 lakhs) up to March 1993 as escalation charges on materials supplied departmentally.

Further, the contractors while submitting tenders (August 1980) had quoted that escalation charges would be payable at the rate of 30 per cent each on (i) living index or (ii) minimum wage whichever is higher. During negotiation in September 1980, escalation charges rate of 30 per cent was reduced to 25 per cent in respect of "minimum wage" only while the escalation charges rate in case of living index remained unchanged (benefit is 5 per cent). The negotiations made only in case of minimum wage had virtually no impact on payment of amount of escalation and thereby defeated the very idea of negotiation. Had there been corresponding reduction in the 'living index' also in terms of which payment was made there would have been a saving Rs. 88.28 lakhs (Gumti : Rs. 9.36 lakhs, Khowai : Rs. 63.58 lakhs and Manu : Rs. 15.34 lakhs).

(c) Unlike Gumti and Khowai MIPs, contract for Manu project *inter alia* provided that the escalation in price would be paid on the gross value of work done and accordingly an amount of Rs. 117.69 lakhs was paid at the end of March 1993. According to the contractor's letter dated November 1986 (formed part of agreement) the rates of extra/substitute items were to be fixed on the basis of similar items quoted in the tender. Otherwise the rates were to be fixed on the basis of actual execution (including cost of materials) plus 30 per cent overhead charges.

During test-check of the records of Manu Head Works Division in May and June 1993, it was noticed that since the escalation was calculated on the basis of gross value of work done, the amount paid for extra item/substitute items (paid on current market plus 30 per cent overhead charges) automatically formed part of the gross value of work done on the basis of which Rs. 2.49 lakhs (labour: Rs. 1.87 lakhs plus materials: Rs. 0.62 lakh) in excess of the cost on 5 extra and substitute items valued at Rs. 16.94 lakhs were paid for the period from April 1988 to March 1992.

4.2.6.2 Dewatering

(a) In Manu Medium Irrigation Project annual target for the item 'dewatering' for the year 1991-92 was fixed at 172800 HP Hours against which 248448 HP Hours were executed resulting in excess execution by 75648 HP Hours (44 per cent) at a cost of Rs. 3.97 lakhs whereas the other items of works like reinforcement and concreting were executed only between 22 to 72 per cent target fixed and items such as concreting (M25) brick work, brick crates sand filling were not at all executed for which dewatering was done mainly due to non-maintenance of adequate labour strength (597 labourers deployed as against requirement of 1000 numbers) by the same firm. To make up the deficiency in respect of other items of work in the next working season (1992-93) another amount of Rs. 10.22 lakhs for dewatering alone was required as estimated by division (September 1992). Thus, the expenditure of Rs. 3.97 lakhs was infructuous. Had all items of work been completed during the year 1992-93 by deployment of labourers as per Annual Work Programme, fresh dewatering in the next working season to make up the deficiency would not have been necessary.

Similarly, during the working seasons of 1987-88, 1988-89 and 1990-91, infructuous expenditure on excess dewatering was incurred to the extent of Rs. 43.28 lakhs (1987-88 : Rs. 30.31 lakhs, 1988-89 : Rs. 5.34 lakhs and 1990-91 : Rs. 7.63 lakhs) for 824307 HP hours.

The amount required for dewatering again in the succeeding years to make up the shortfall on other items of works has not been assessed by the Division.

(b) In Khowai Medium Irrigation Project, an amount of Rs. 10.64 lakhs was paid to contractor for 212870.02 HP hours of dewatering done during the period from 11 April 1985 to 1 May 1985. It was, however, noticed that the working season for the year was closed on 10 April 1985 and labourers left the working site on that day itself. Hence the payment of Rs. 10.64 lakhs after 10 April was wasteful.

Further, an amount of Rs. 9.57 lakhs being dewatering charges of 191467.36 HP hours was withheld from 5 different Running Accounts bills (22nd, 25th, 27th, 29th and 30th) as either no work was done or there was under-utilisation of dewatering supplementation as recorded in the Measurement Books by the concerned Assistant Engineers. The amount was, however, released to the contractor in November 1990 in terms of the minutes of a meeting held on June 1990 on the condition that the contractor would not press for claim of Rs. 1.92 lakhs for idle labourer (submitted in September 1988). Release of Rs. 9.57 lakhs against a claim of Rs. 1.92 lakhs was found to be injudicious.

(c) In Gumti Medium Irrigation Project, 4 pumps (electrical : 2 and diesel : 2) were engaged for 55600 HP hours for dewatering the construction of Cement Concrete (CC) Blocks near third pier during the period from 1 April 1983 to 28 April 1983 (cost : Rs. 2.78 lakhs). But the amount was withheld as the CC works could not be completed due to negligence of the contractor. The amount of Rs. 2.78 lakhs was, however, released (July 1986) to the firm in pursuance of minutes of the meetings held on 16 and 17 July 1985 on the plea that the contractor completed the left-out work without any extra cost on dewatering in the succeeding season. But the release of the amount could not be accepted in Audit as the relevant Measurement Books did not correctly indicate the period when the CC Blocks in that particular Zone were completed. However the dewatering register showed that in the succeeding season also continuous dewatering was done during the period from 5 November 1983 to 12 May 1984 (working season started from 5 November) and the contractor was paid Rs. 28.30 lakhs for 566090.768 HP hours of dewatering only for the period from 5 November to 12 May. Therefore, the payment of Rs. 2.78 lakhs was inadmissible and recoverable from the contractor.

4.2.6.3 In Khowai MIP, 22655.31 cum of GI wire crates of 4 mm dia size supplied to contractor between January and November 1990 for laying after filling the GI wire crates with 1st class bricks (issued free

of cost by the Department) including tying of opening. The rate fixed for laying was 65.66 per cum. But the bricks were shown to have been supplied by the contractor who was paid at the rate of Rs. 272 per cum up to November 1990. The excess payment made was Rs. 4.68 lakhs. An amount of Rs. 2.34 lakhs was, however, recovered in November 1992. Rupees 2.34 lakhs though recovered constituted a temporary financial aid to the contractor for 2 years. Interest recoverable at the normal bank rate of 18 *per cent* worked out to Rs. 0.84 lakh. The remaining amount of Rs. 2.34 lakhs was yet to be recovered (June 1994).

4.2.6.4 Terms of contracts *inter alia* provided for payment of interest free mobilisation advance and advance against machinery brought to the site of work by contractors. The advances were recoverable on *pro rata* basis on balance 80 *per cent* of work from the Running Account bills after the completion of 20 *per cent* of work.

Rupees 307.38 lakhs were paid up to March 1993 to two firms for construction of three barrages and 2 canals (Gumti: Rs. 86.28 lakhs, Khowai: Rs.76.36 lakhs, Manu: Rs.104.68 lakhs and canals of Gumti: Rs. 40.06 lakhs) on account of mobilisation advance and advance against machinery. The entire amount except Rs. 28.03 lakhs (Manu) has been recovered up to the end of March 1993. A scrutiny of tender and award of works revealed that, financial implications of such interest-free advances were not worked out by the Department finalising the contracts. In the above 5 cases both the firms got indirect benefit of Rs. 99.16 lakhs (Manu: Rs. 75.48 lakhs and canals of Gumti: Rs. 23.68 lakhs) by way of interest at the bank rate of 18 *per cent* per annum.

Further, Rs. 9.00 lakhs were paid as advances by Khowai project authority in March 1986 to a contractor for purchase of an old L&T poclain machine and its accessories brought at site for excavation of earth in November 1985. Up to November 1986 only 2500 cum of earth was excavated by that machine. Finally in March 1988, the machine was transferred by the contractor to another unit outside the State. Thus, the advance of Rs. 9.00 lakhs paid against the machine did not yield much purpose.

4.2.6.5. *Loss due to non-submission of claim*

With the object of reimbursing road transport charges to the North-Eastern States in respect of steel materials transported from the nearest stockyard of the main producers to the designated points, the Joint Plant Committee (JPC) fixed (August 1989) a maximum rates of Rs. 563/- and Rs. 900/- per tonne from Guwahati to Sanicherra and from Calcutta to Sanicherra respectively or the actual charges incurred whichever was less. Due to decontrol of iron and steel products, reimbursement of freight charges was discontinued with effect from 17 January 1992.

In February and May 1992, the JPC advised the Executive Engineer, Store Division (PWD), Agartala (designated agent for the State) to prefer consolidated claim for the State latest by 31 August 1992 (extended period) for reimbursement of road transport charges incurred up to 16 January 1992. The designated agent requested (February and May 1992) all the steel procuring agencies of the State to submit their claims in order to consolidate their claims for submission to JPC.

It was noticed in Audit (May-July 1993) that the Head Works Division, Manu and Khowai did not submit their claims to designated agent for 1690.12 tonnes (Manu) and 2397.95 tonnes (Khowai) of iron and steel materials transported by them from producer's stockyard at Guwahati and Calcutta to Divisional stockyard at Nalkata and Chakmaghat respectively (limited up to Sanicherra).

As a result Government sustained a loss of Rs. 22.86 lakhs (Manu : Rs. 9.62 lakhs and Khowai : Rs. 13.24 lakhs) being the amount of road transport charges reimbursable at the rate prescribed by the JPC up to Sanicherra.

4.2.6.6 *Disproportionate expenditure on establishment*

With a view to conducting preliminary works like survey, acquisition of land etc., for two canals of Khowai MIP, Chakmaghat, a Division was created from September 1985 having 2 Sub-divisions under its control. To man the Division/Sub-divisions, 43 technical and non-technical posts of different categories were created in October 1983. Though the survey work was taken up in November 1986, the same is yet to be completed (July 1993). Till the end of April 1992 a sum of Rs. 5.77 lakhs only was incurred towards preliminary works against an expenditure of Rs. 56.44 lakhs incurred on establishment comprising a staff of 35 which constituted 978.16 *per cent* of the expenditure on survey. The matter was brought to the notice of the Department in May 1989 and February 1991. In reply, the Superintending Engineer, River Project Circle stated (November 1992) that the Division was created according to the decision of the Government for speedy completion of work of survey and land acquisition for canal construction but the poor survey work was attributed mainly to hilly region where survey work could be conducted only on seasonal basis from November to April.

There was no justification in opening of a full-fledged Division and the survey and other preliminary works could have been entrusted to one or two Sub-divisions attached to Khowai Head Works Division (as had been done from October 1992) since according to Superintending

Engineer, survey work was seasonal. Government could have saved a substantial amount spent on pay and allowances of Divisional staff and Executive Engineer.

4.2.6.7 *Extra expenditure due to delay in acquisition of land*

The Project Report envisaged construction of a guide bundh to protect agricultural land of village Gangfira from the submergence due to creation of pondage in the upstream of Gumti barrage. In January 1987, the idea of constructing the guide bundh was dropped to avoid perpetual problem of maintenance of the guide bundh and instead, it was decided to acquire 80 acres of land in the upstream of Gumti barrage constructed in the year 1987, of which 65.93 acres were acquired at a cost of Rs. 30.06 lakhs between April 1989 and December 1990. Thus, delayed acquisition of land entailed an extra expenditure of Rs. 13.85 lakhs as the price of land had shot up from Rs. 7,500 to Rs. 28,500 per acre due to passage of time. In addition, cultivators of Gangfira village were given Rs. 4.28 lakhs as compensation for damaged crops due to submergence of cultivable land in addition to payment of Rs. 0.25 lakh on ferry boat engaged by the villages between December 1988 and May 1993. The delayed acquisition of land led to extra expenditure of Rs. 18.38 lakhs.

4.2.6.8 *Extra expenditure (Rs. 5.45 lakhs) due to back carriage*

Against an allotment made by the Superintending Engineer, River Project Circle in November 1991 for lifting of 1000 tonnes of cement from Sanicherra store-yard near Dharmanagar (Railhead) to Chakmaghat the entire quantity of cement was lifted from Central Store, Agartala by the Executive Engineer, Khowai Head Works Division, Chakmaghat (situated between Agrartala and Sanicherra) at the instance of the Chief Engineer (IFC). In addition, another 950 tonnes of cement was also transported back to Chakmaghat from Agartala at a total cost of Rs. 2.45 lakhs. These quantity of cement were transported ^{earlier} from the Sanicherra store-yard to Agrartala Central Stores. Thus, lifting of cement from Central Store, Agartala instead of lifting the same from Sanicherra to Chakmaghat constituted a back carriage of materials, for 108 kms to and fro Agartala.

Further, the Khowai Head Works Division, Chakmaghat also transported back 705.20 tonnes between September 1987 and February 1989 of Steel materials at a cost of Rs. 3.00 lakhs from Gumti Project (Maharani) in Tripura which was procured by that Division in 1981 and had been lying as surplus there (Maharani).

The total extra cost involved due to back carriage worked out to Rs. 5.45 lakhs for transportation of materials initially from Agartala/Maharani to Chakmaghat.

4.2.6.9 *Excess payment on account of escalation*

The work "Design, supply, manufacturing and erection of vertical gates" and "Microhydel gates" for barrage over river Gumti at Maharani was awarded at a cost of Rs. 48.04 lakhs to a Calcutta based firm in August 1982 with the stipulation that the work should be completed within 18 months. The work was commenced in January 1983 and was completed in January 1987. The firm was paid (October 1990) Rs. 160.84 lakhs including Rs. 83.59 lakhs on account of escalation charges.

The contract *inter alia*, provided for payment of charges on account of escalation of costs/prices on wages and materials in respect of fabrication, erection and commissioning (due to rise in price). For every increase of a rupee over the wage structure of minimum rated workers at Agarpara at Rs. 797 per month prevailing on 1 March 1982, the selling price had to be increased by 0.30 per cent for supply and fabrication and by 0.50 per cent for erection and commissioning.

However, escalation formula was wrongly determined and incorporated in the agreement as follows:

$$V = \frac{(IW - BW) \times WF}{100} \times SV \text{ or EV.}$$

When, V = amount of escalation, IW = increased wage, BW = basic wage, WF = wage factor, SV/EV = supply/erection value. In the formula, no provision for dividing the result of multiplication of the above components by the basic price was kept, as was adopted in other contracts.

As a result of adoption of incorrect formula the Department had paid an excess amount of Rs. 67.27 lakhs (supply and fabrication: Rs. 49.64 lakhs and erection and commissioning: Rs.17.63 lakhs) as escalation charges to the contractor.

On this being pointed out in Audit, Superintending Engineer, River Project Circle, Agartala while admitting the views of Audit, stated (November 1992) that they had no scope to follow the formula indicated by Audit as it had not been incorporated in agreement.

4.2.6.10 *Fictitious transfer of cost of materials to obtain additional funds*

The Executive Engineers, Gumti Canal, Khowai Head Works and Manu Head Works Divisions transferred (January 1990) the cost of

materials valued at Rs 100.33 lakhs from the respective works accounts to the stock account of the Executive Engineer, Resource Division, Agartala. The adjustment was carried out by a transfer entry order. As a result of such adjustment the cost of works/projects was reduced by Rs. 100.33 lakhs and the reserve stock limit of the Resource Division exceeded by the equivalent amount.

It was, however, noticed in Audit (August-September 1990) that there was no physical transfer of materials from the work/project site to the store and materials remained in the custody of the transferring Executive Engineers. The fictitious transfer entry was carried out at the instance of the Chief Engineer (IFC & PHE) (January 1990) in order to obtain additional funds over and above the allocated funds for the year 1989-90. As a result of the adjustments, the projects/works expenditure was reduced by Rs. 100.33 lakhs and equivalent funds were obtained. While allocating additional funds, the Finance Department did not enquire about the sudden reduction in expenditure by Rs. 100.33 lakhs.

4.2.6.11. Surplus materials

✓ (a) Mention was made in paragraph 4.1.6(m) of the Report of the Comptroller and Auditor General of India for the year ended March 1986, that surplus steel valued at Rs. 44 lakhs was lying unused since 1981 at Gumti barrage site due to purchase having been made in excess of requirement.

It was noticed in Audit that even after sufficient quantity of steel and other materials was transferred to other MIPs steel materials valued at Rs. 7.29 lakhs in the Gumti Project could not be utilised as of August 1993. In addition, steel materials valued at Rs. 23.37 lakhs was lying unused/idle since 1988-89 in the Khowai Head Works Division. The Executive Engineer while accepting the fact stated (July 1993) that the surplus steel materials would be utilised in Moilakcherra diversion scheme, the work of which though sanctioned has not yet been taken up (August 1993).

(b) Further, it was noticed in Manu Head Works Division that advance totalling Rs. 118.54 lakhs was paid to Steel Authority of India Limitd (SAIL), Tata Iron and Steel Company (TISCO) and Indian Iron and Steel Company (IISCO) during the period from May 1987 to September 1991 for supply of steel materials. The entire amount remained unadjusted (April 1994). The Department failed to produce any specific records in support of receipt of materials against the advances made.

4.2.6.12 *Undue benefit to contractor*

Mention was made in paragraph 4.4 of the Report of the Comptroller and Auditor General of India for the year 1991-92 regarding non-deduction of statutory tax at source, as per the provision of the Tripura Sales Tax (9th Amendment) Rules, 1989 read with sub-rule (10) *ibid*.

It was noticed in Audit (May-June 1993) that the Executive Engineer, Manu Head Works Division, Nalkata did not deduct sales tax amounting to Rs. 2.37 lakhs at source on Rs. 19.73 lakhs paid to the contractor on four occasions between May 1992 to February 1993 for supply of goods in pursuance of works contract.

The non-deduction of tax at source resulted in an undue financial aid to the contractor.

4.2.6.13 *Theft of materials*

A boundary fencing around the Manu barrage colony and office complex at Nalkata was constructed (October 1989) at a cost of Rs. 2.01 lakhs. The materials (the M.S. angles, channel and GI wires valued at Rs. 1.79 lakhs) used in the fences were stolen on three different occasions between March 1990 and December 1991 and could not be recovered. Except reporting the cases to police neither any remedial measures were taken nor any departmental investigation conducted. The matter was also not reported to the higher authorities. The police report on the case was still awaited (June 1994).

4.2.6.14 *Award of work without call of tenders*

The annual financial limit to award work without call of tenders by an Executive Engineer of Construction Division was restricted to Rs. 75,000 as per Departmental regulations of the Government.

It was, however, noticed in a audit (May-June 1993) that the Executive Engineer, Manu Head Works Division exceeded the above ceiling limit during the period from 1986-87 to 1992-93 as indicated in the table given below:

Year	Number of cases	Amount (Rupees in lakhs)
1986-87	88	12.49
1987-88	56	8.35
1988-89	70	10.88
1989-90	59	10.33
1990-91	31	3.86
1991-92	19	2.81
1992-93	15	1.47

The matter was reported to the Department (September 1990) but action to regularise the cases has not yet been taken (June 1994).

4.2.6.15 *Diversion of Funds*

Rupees 15.84 lakhs were spent (charging the cost to the Khowai MIP) on the construction of compound wall, garage, building for Chief Engineer's as well as Superintending Engineer's Office (Irrigation and Flood Control) at Agartala during the period from 1983-84 to 1987-88 although these activities were not a part of the Medium Irrigation Project.

4.2.6.16 *Canal*

4.2.6.16.1 *Left Bank Canal*

Out of the total length of 23.5 km of the left bank canal of Gumti Irrigation Project, initial 4.5 km had been completed (February 1989). Due to bad variety of soil and other technical difficulties the canal portion from RD 4.5 km to 6.065 km had been abandoned (March 1990). On the suggestion of Central Water Commission (CWC) it was decided (August 1990) to lift water by pump on a particular hilly spot (4.5 to 5 km) and distribute the water by gravity flow. Accordingly, the construction of a pump house and sump-well was started (September 1992) between 4.5 to 5 km but due to bad variety of soil in the site of sump-well and pump house the whole construction slid down (November 1992). The Executive Engineer, Gumti Canal Division proposed (June 1993) an alternative alignment from RD 4.063 km which will meet the original alignment at RD 7 km. The proposal was accepted by the Government on the recommendation of CWC (February 1994).

As a result of acceptance of alternative alignment the expenditure incurred (March 1993) (Rs. 33.43 lakhs) towards a land acquisition from RD 4.063 km to RD 7 km (Rs. 6.19 lakhs) construction of canal from RD 4.063 km to 4.5 km (Rs. 17.79 lakhs) and construction of sump-well and pump house (Rs. 9.45) proved wasteful.

4.2.16.2 *Idle Outlay*

From RD 5 km to RD 6.065 km spun pipe canal was to be constructed as per the suggestion of the Central Water Commission (CWC). Accordingly 1200 mm dia RCC spun pipes of NP3 class were procured (1991-92) from a firm at the cost of Rs. 69 lakhs. As the original alignment had been dropped by the Government the spun pipes of NP3 class remained idle as only an insignificant quantity could be utilised in the alternative alignment.

4.2.16.3 *Lacuna in contract leading to unintended benefit*

A rate contract for supply of RCC spun pipes and collars during the year 1990-91 was entered into with a Jamjuri (near Udaipur, South Tripura) based firm by the Public Works Department, Stores (Civil) Division, Agartala in February 1991. At the instance of Engineer-in-Chief-cum-Secretary, Public Works Department, Executive Engineer, Gumti Canal Division, Udaipur placed three supply orders between October 1991 and January 1992 for supply of 842.5 metres of RCC spun pipe (NP3 class: 792.5 metres and NP2 class: 50 metres) and 16 collars. The supply was completed between January 1992 and March 1993 and the supplier was paid Rs. 71.20 lakhs (including escalation charges of Rs. 32.33 lakhs) in March 1993.

The rate contract *inter alia* provided for payment of escalation charges at the rate of 0.40 per cent for every rise of Rs. 20 per tonne for steel and 0.80 per cent for every rise of Rs. 10 per tonne for cement over the base price of steel at Rs. 12,000 per tonne and cement Rs. 2,600 per tonne quoted by the firm (December 1990). In both the cases, however, no escalation was payable for increase of 1st slab of Rs. 20 or Rs. 10 as the case may be.

During test-check (July-August 1993) of the records of Gumti Canal Division together with related information collected from PWD Stores (Civil) Division, Agartala, it was noticed that the supplier quoted (December 1990) Rs. 12,000 and Rs. 2,600 per tonne for steel and cement respectively as against the market rate of Rs. 12,500 per tonne of steel and Rs. 2,910 per tonne of cement prevailing at that time. It was also noticed that 57.637 tonnes of steel and 141.164 tonnes of cement were actually required in manufacturing the supplied quantity of pipes and collars for which supplier had to incur an additional expenditure of Rs. 2.30 lakhs (Steel: Rs. 1.52 lakhs and Cement: Rs. 0.78 lakh) on materials due to 19.12 per cent and 19.71 per cent increase in cost of cement and steel over the quoted base price respectively. The escalation charges of Rs. 32.33 lakhs paid was 83.17 per cent of the supply value of pipes (Rs. 38.87 lakhs) and the percentage of increase in price per metre of pipes varied between 78.95 per cent (January 1992) and 95.80 per cent (July 1992).

The escalation charges paid were thus, much in excess of the actual increase in the cost of cement and steel. This unusual amount of escalation charges was facilitated by adopting the following tactics by the contractor:

— Quoting lower base prices of steel and cement than the actual market price which was bound to give certain amount of escalation

even on the date of dropping of tender (if the supply order was affected on the date itself).

—Inclusion of an unrealistic formula in the rate contract.

Further, a supply order was placed with the firm on 8 October 1991 for supply of 485 metres of NP3 class pipe within 7 December 1991. But the firm supplied the pipes between 29 January and 6 September 1992 and claimed escalation charges of Rs. 16.40 lakhs in addition on the quantity supplied owing to increase in cost of steel and cement with effect from 3 and 14 January 1992 which was also paid in March 1993. Since, the firm did not supply pipes within the validity period of supply order, payment of Rs. 16.40 lakhs on account of escalation charges was inadmissible.

✓ 4.2.6.17.1 Payment of escalation charges

Construction works of canal portion from RD 0 (zero) metre to 3488 metre and from 8165 metre to 12872 metre in the left canal and portion from 1368 metre to 3475 metre in the right canal were awarded to the same agency. Stipulated date of completion of works was 30 October 1988 for left canal and 27 January 1988 for right canal. The construction of right canal was completed on 22 May 1990 but the works in left canal were in progress.

Provision was made in the agreement, *inter alia*, for payment of escalation charges owing to increase in cost of living index, materials and POL and accordingly an amount of Rs. 26.99 lakhs (left canal: Rs. 22.17 lakhs and right canal: Rs. 4.82 lakhs) was paid in June 1991 and March 1993 as escalation charges up to March 1993 of which Rs. 26.46 lakhs relating to the period beyond stipulated date of completion of the works (right canal from 28 January 1988 to 22 May 1990 and left canal from 31 August 1988 onwards). The delay in progress of the works beyond the stipulated date in the left bank canal was mainly due to non-supply of drawing, supply of faulty drawings, delay in issue of cement for the works, etc. The delay in the works of the right bank canal, *inter alia*, was due to providing inadequate banking space, delayed availability of first approach road, delay in handing over of relevant drawings, delayed payment of mobilisation advance etc.

Thus, due to failure on the part of the Department to settle the issues well in time the works were prolonged beyond stipulated date entailing an extra payment of Rs. 26.46 lakhs on account of escalation charges beyond the stipulated date of completion.

4.2.6.17.2 *Unrealistic estimation*

Construction of the right bank canal portion from RD 1368 metre to 3475 metre of Gumti Irrigation Project, Udaipur was awarded to a contractor. The work was completed on 22 May 1990 against the stipulated date of 27 January 1988.

Scrutiny of the records disclosed that in respect of item "Earth work in excavation . . ." etc., the contractor executed 64822.215 cum against contracted quantity of 18066 cum and 56582.627 cum in respect of item "Banking . . ." etc., against the tendered quantity of 1825 cum. The contractor was allowed enhanced rates on both the items beyond permissible 20 per cent deviation of the tendered quantities and was paid at the rate of Rs. 45.50 per cum of excavation and Rs. 16.25 per cum of banking against the tendered rate of Rs. 39.00 and Rs. 12.00 per cum respectively.

This led to additional expenditure of Rs. 4.28 lakhs due to unrealistic estimation of quantum of works.

The above enhancement of rates for quantities beyond 20 per cent deviation was done on the basis of Tripura Schedule of Rates 1990 allowing 30 per cent overhead charges. But the Department allowed escalation charges even on the enhanced rate from February 1989 in respect of item 'excavation' and from February 1988 in respect of item 'banking' although in a similar case in respect of other contracts with the same firm of the same project having same terms and conditions, no such escalation was allowed. This constituted double benefit to the contractor to the tune of Rs. 0.26 lakh.

The matter was referred to the Government in October 1993; reply has not been received (June 1994).

4.3 **Avoidable expenditure**

The Ambassa Division in North Tripura District continued to hold in its books old jeeps though these vehicles had already outlived their utility since September 1986 and were condemned in August 1986. Action was not taken till October 1992 to dispose of the condemned vehicles. In addition, one more jeep remained idle since April 1990 due to mechanical defects. The Divisional Officer proposed (December 1990) immediate repairing of third vehicle, but the Superintending Engineer did not approve the proposal (October 1992), reasons of which were not on record.

The amount spent on pay and allowances of these drivers during the idle period from September 1986 to September 1992, when their services could not be utilised, worked out to Rs. 2.36 lakhs.

Besides, the Division incurred expenditure of Rs. 9.12 lakhs for hiring of vehicles inclusive of drivers' services from private parties between April 1987 and September 1992.

The matter was referred to Department in January 1993 and to Government in September 1993; reply has not been received (June 1994).

4.4 Extra expenditure due to departmental lapse

Construction of training school and hostel for female health workers at Udaipur was entrusted by the Southern Division No. I in November 1987 to a contractor at a cost of Rs. 14.97 lakhs stipulating completion by November 1988. Materials like cement, steel, bricks etc., for works under the contract were to be supplied by the Department.

The works commenced in January 1988. The contractor had been complaining of the shortage of cement since March 1989 but no action was taken to supply the cement although the Division had 58.50 MT in its stock.

In September 1989, the contractor refused to work unless rates were increased under clause 10(c) of the agreement due to rise in cost of labour and materials. This was not agreed to and the contractor was terminated on 26 September 1991 without invoking the 'risk and cost' clause. The work executed till October 1990 valued at Rs. 9.70 lakhs was paid in the same month. The remaining work on retendering, was awarded to another contractor at a cost of Rs. 13.30 lakhs in July 1992. The work scheduled to be completed by July 1993, was completed in October 1993.

[Thus] failure of the Department to supply the required cement in time and also to invoke the 'risk and cost' clause against the contractor resulted in an extra expenditure of Rs. 8.03 lakhs.

On this being referred to (July 1993), Government in September 1993 accepted the departmental failure to supply materials and stated that cost on balance work on retender should not be considered as extra expenditure because of revised schedule of rates and rise in prices of materials and labour. The Department's contention is not tenable as the work could have been executed at the original rates of the 1st contractor had the materials particularly cement been supplied from the available stock.

4.5 Infertuous expenditure on protection of Khowrabil

Construction of a box culvert sluice over Katnala for protection of Khowrabil from flood water of the river Manu at Kailashahar was

entrusted (January 1983) to the lowest tenderer of Rs. 20.36 lakhs at 61.20 per cent above the estimated cost. Twelve months time was allowed for completion of the work schedule to commence in February 1983.

In October 1983, the Superintendenting Engineer informed the Chief Engineer that the bearing capacity of soil had not been determined. In January 1984 on a site visit by the Superintendenting Engineer soil testing was conducted departmentally and a fresh design and specification for construction of Reinforced cement concrete (RCC) spun pipe sluice in place of box culvert sluice was made available to the contractor in February 1984. The contractor left the work incomplete after receiving a total sum of Rs. 9.27 lakhs till October 1985 on the ground that the site, including layout of the structure could not be handed over to him in time and subsequent changes in the scope of design and specification of the sluice. The contract was closed in December 1985.

In March 1986, the contractor resorted to arbitration and claimed losses and damages of flood with interest charges in addition to the payment for actual work done by him. The contractor ultimately obtained a decree from Kailashahar Sub-Judge for a total sum of Rs. 8.18 lakhs including Rs. 0.61 lakh as refund of Security Deposit. Accordingly, an amount of Rs. 8.18 lakhs was paid to the contractor in August 1992.

Thus, starting the work without determining the bearing capacity of soil, delay in handing over the site including layout of the structure, issue of work order on faulty design prepared incorrectly and non-rescinding of contract of the abandonment of work by the contractor resulted in avoidable expenditure of Rs. 7.57 lakhs (Rs. 8.18 lakhs - 0.61 lakh).

The matter was referred to Government in September 1993; reply had not been received (June 1994).

4.6 Unproductive outlay on Road Roller

In March 1988, the Mechanical Division, Agartala purchased a vibrator Road Roller at a cost of Rs. 2.62 lakhs on behalf of Agartala Division-I for use in road works. The Road Roller was sent to Agartala Division-I in May 1988. However, the Road Roller could not be put to use till 26 March 1989 for want of experienced operator. No action was taken to get the operators trained with the working of this new type of machine in advance.

The Road Roller was put to use only 98 hours during the period from 27 March 1989 to 28 September 1989 when it went out of order for defects in the self-starter Dynamo. It was only in November 1990 i.e. after lapse of a period of 14 months, the Dynamo was sent to Calcutta for repairs. Thereafter, no attempt was made to get back the Dynamo and put the Road Roller into works. The Road Roller was still lying idle (June 1994).

The expenditure of Rs. 2.62 lakhs incurred on the purchase of the Road Roller thus remains unproductive.

4.7 Extra expenditure due to closure of work

During test-check (January-February 1993) of the records of Agartala Division No. IV from April 1991 to December 1992, two cases of irregular closure of contracts were noticed as detailed below:

(a) In March 1991 the construction of a road from Bishalgarh New Market to Laxmibeel (3.5 km) was awarded by the Agartala Division No. IV to a contractor at its tendered value of Rs. 6.59 lakhs. The work was to be completed by October 1991. After executing formation items of works, being 51.59 per cent of the tendered cost, the contractor stopped the work and requested (May 1992) to close the contract on the ground of delay in handing over the site and of payment. The request of the contractor was accepted by the Superintending Engineer as per recommendation by the Executive Engineer and the contract was closed in August 1992. The contractor was paid Rs. 3.76 lakhs (including Rs. 0.36 lakh for extra items of work) in July 1992 for the work done.

The remaining work was awarded to another contractor at a tendered value of Rs. 8.70 lakhs. The work to be completed by January was actually completed in March 1994. Running account payment of Rs. 8.64 lakhs (including Rs. 0.55 lakh for extra work) was also made in December 1993. Final payment has not yet been made (June 1994). Thus, there was an extra expenditure of Rs. 4.90 lakhs.

(b) In November 1989, another work of metalling and black topping of a road from Bishalgarh Electrical Office to Lalsingmurah, Gr-I (8 km) was entrusted to a separate contractor 'X' at the tendered value of Rs. 13.13 lakhs. The work was to be completed by March 1990.

The work commenced in December 1989. The contractor only supplied jhama brick of Rs. 2.83 lakhs between 16 March 1990 and 12 July 1990. Meanwhile, in June 1990 the contractor requested the Department to terminate the contract without penal action on the ground of his illness, delay in payment of running account bills and expiry of

the contract period. The contractor's request was accepted by the Executive Engineer under the order of Additional Chief Engineer and the work was closed in July 1990. Payment for the supply of jhama was released in July 1990.

The left over work was executed through contractor 'Y' who was executing in Group-II portion of the same road. The contractor 'Y' was allowed for works in Group-I at the rate of Group-II up to deviation limit and in excess of that, at the prevailing market rate for work done in Group-I. The extra expenditure for the work done in Group-I portion of the road worked out to Rs. 1.92 lakhs (based on payment in 8th Running Account Bill). Final payment has not yet been made (June 1994).

On being pointed out in Audit (December 1991), the Secretary, PWD stated in May 1994 that the first contract had to be terminated for land dispute and serious fund constraints, while the 2nd contract was closed as the contractor was seriously ill and was not in a position to carry out the work. However, no action was taken by the Department to sort out land dispute and fund constraints in time. No penal action was also taken against the contractors, although progress was slow from the beginning.

4.8 Extra expenditure due to delay in finalisation of tender

Scrutiny of the records of the Southern Division II (April 1993) revealed that the tenders for carpeting the road (3.090 km) from Bankul new market to old market were invited at an estimated cost of Rs. 5.99 lakhs and the lowest offer was found to be Rs. 11.92 lakhs being 99 *per cent* above the estimated figure. The rates being considered much higher were rejected in September 1989.

Against the retender opened on 1 November 1991, the lowest rate received was Rs. 8.08 lakhs which were 34.85 *per cent* above the estimate. It was, however, only on 11 December 1991 that the Executive Engineer, Southern Division II recommended to the Superintending Engineer for acceptance of the lowest tender. The Superintending Engineer accorded its approval to the lowest rate only on 7th February 1992, when the validity of the offer had already expired. When asked for, the lowest tenderer expressed (4 March 1992) his inability to extend the validity of the offer beyond 90 days. The tenders were rejected as there was no further scope for negotiation.

The work was therefore, retendered again and awarded to the lowest tenderer at Rs. 9.40 lakhs, being 56.9 *per cent* above the estimated cost, with the stipulation of completion within one year.

Thus, delay in finalising the tenders received against second call both at the levels of the Executive Engineer and the Superintending Engineer, resulted in an avoidable extra expenditure of Rs. 1.32 lakhs.

The matter was referred to the Government in September 1993; reply has not been received (June 1994).

POWER DEPARTMENT

4.9 Extra expenditure on contract demand of gas

The Chief Engineer, Power Project entered into an agreement with the Oil and Natural Gas Commission (ONGC) for a period of three years commencing from March 1990 for supply of Natural gas according to requirements for generation of power in the Gas Thermal Power Station at Baramura. After take over of the gas business from ONGC by the Gas Authority of India (5 February 1992) an agreement on the same terms and conditions as earlier was reached with the latter in May 1992.

The agreement *inter alia* provided that after the first twelve months of the contract period, the average supply of gas should be arranged at minimum 1.38 lakh standard cubic metres (Sm^3) per day and charged monthly at the rate of Rs. 500 (enhanced to Rs. 600 from January 1992 per thousand Sm^3) besides royalty and sales tax. If the consumption of gas fell below 80 per cent of the minimum guaranteed monthly supply, payment had to be made for 80 per cent of the minimum guaranteed supply i.e., for 110400 Sm^3 per day. The minimum guaranteed supply of 138000 Sm^3 per day was worked out at 80 per cent of total requirement of gas at full load condition of 160000 Sm^3 per day for two sets plus an additional quantity of 10000 Sm^3 per day for any instantaneous load.

Test-check (August 1992) of the records for the period from March 1991 to February 1993 showed that the Department paid for a total quantity of 704.45 lakh Sm^3 against actual supply and consumption of 578.69 Sm^3 . Monthly consumption ranged from 53 per cent to 74 per cent of the minimum guaranteed supply, except in three months (November 1991 to January 1992) when the average daily consumption of gas was 1.54 lakh Sm^3 . Old age of sets/forced shutdown for periodical maintenance of the sets were stated (November 1993) by the Department to be the reasons for low consumption of gas.

Thus, the incorrect assessment of the minimum guaranteed requirements of gas before execution of agreement resulted in an avoidable extra expenditure of Rs. 77.47 lakhs for 125.76 lakh Sm^3 gas not used in the project between March 1991 and February 1993.

The matter was referred to Government in September 1993; reply has not been received (June 1994).

4.10 Extra expenditure due to delay in processing tender

Test-check (February-March 1993) of the records of the Electrical Division VII, Ambassa revealed that tenders for the work "augmentation of Teliamura Sub-station by providing additional transformers with allied equipment" were received on 18 April 1991. The lowest tender was for Rs. 68.36 lakhs from Calcutta based firm 'A' stipulating the validity of the tender till 31 April 1991 on negotiation.

The tender provided for price variation at 10 to 20 *per cent* on tendered items of work. The value of the tender was reduced to Rs. 68.19 lakhs on negotiation and the validity extended up to 30 September 1991.

The Executive Engineer and the Superintending Engineer took 47 days and 41 days for processing the tenders against 13 days and 7 days respectively as provided in the Central Public Works Department, Manu. The tender was finalised by the Government with the approval of the Supply Advisory Board (SAB) on 23 September 1991. A letter of intent was issued to the lowest tenderer on 26 September 1991. The tenderer expressed (3 October 1991) his inability to take up the work as the acceptance of the offer had not been received by them within the extended validity period which expired on 30 September 1991.

The second lowest tenderer, an Agartala based firm 'B' who had offered a total price of Rs. 69.43 lakhs expressed its willingness to execute the work at the lowest rates of firm 'A'. But this was not considered as firm 'B' was found to be unwilling to abide by the modified terms and conditions.

Fresh tenders were called for in December 1991 and the work awarded with the approval of SAB to the lowest tenderer at Rs. 83.14 lakhs in March 1992, with provision for price escalation ranging between 20 *per cent* and 30 *per cent* on tendered items of work. In reply to Audit, the Divisional Officer stated (February 1993) that delay for 161 days between 18 April 1991 and 26 September 1991 was due to protracted correspondence on unavoidable circumstances and technical reasons, without spelling them out in details.

Thus, delay in processing the tenders resulted in an avoidable extra financial commitment of Rs. 14.95 lakhs, besides liability on account of price escalation.

The matter was reported to Government (July 1993); reply has not been received (June 1994).

4.11 Outstanding Inspection Reports

Audit observations on financial irregularities and defects in initial accounts noticed during local audit and not settled on the spot are communicated to the heads of offices and to the next higher Departmental authorities through Audit Inspection Reports. The more serious Irregularities are reported to the heads of the Department and Government. The Government had prescribed that the first replies to the Inspection Reports should be sent within one month.

The outstanding reports in respect of Public Works Department and Power Department are discussed below:

(a) *Public Works Department*

At the end of June 1993, Inspection Reports relating to Public Works Department issued up to December 1992 contained 1082 unsettled paragraphs.

Year-wise break-up of the outstanding Inspection Reports is given below:

Year	Number of Inspection Reports	Number of paras	Number of reports for which 1st reply not received
1983-84	1	1	—
1984-85	Nil	Nil	—
1985-86	21	49	3
1986-87	20	122	2
1987-88	23	222	3
1988-89	16	132	3
1989-90	16	64	2
1990-91	14	75	7
1991-92	17	132	6
1992-93	34	285	12
	<u>162</u>	<u>1082</u>	<u>38</u>

These included 38 Inspection Reports for which even the first replies had not been received despite repeated reminders.

The important types of irregularities noticed during inspection of Divisions during 1991-93 are summarised below:

Nature of irregularities	Number of cases	Amount involved (Rupees in lakhs)
1. Non-adjusted Accountant General's Memo	2	979.05
2. Unauthorised book balance	1	328.00
3. Non-maintenance of records/non-adjustment of cost of land	3	163.54
4. Extra/avoidable/irregular/infructuous/excess/nugatory/doubtful/unfruitful/wasteful expenditure due to non-observance of rules, procedures etc.	47	130.92
5. Outstanding advances/LTC advances	9	120.99
6. Outstanding cash settlement/suspense	1	49.77
7. Blocking of Government money/idle investment	3	48.06
8. Unadjusted cash balance	1	22.46
9. Unauthorised financial aid to the contractor	6	9.99
10. Entertainment of staff in excess of sanctioned strength	2	9.67
11. Loss due to theft/robbery	5	7.10
12. Recoveries awaited adjustment from the contractor	5	7.06
13. Non-accountal of expenditure under workshop suspense	1	2.29
14. Handing over deep tube-wells with low discharge capacity apprehended loss	1	2.14
15. Diversion of fund	1	1.91
16. Payment of idle wage	1	1.82
17. Special repairs of Luna Rig observations thereof	1	1.42
18. Loss due to inclusion of deduct item in tender	1	0.58
19. Irrecoverable licence fee/non-realisation of licence fee	2	0.30
	<u>93</u>	<u>1887.07</u>

(b) *Power Department*

At the end of June 1993 reports relating to Power Department issued up to December 1992 contained 326 numbers of unsettled paragraphs. Year-wise break-up of outstanding Inspection Reports is given below:

Year	Number of Inspection Reports	Number of paras	Number of reports for which 1st reply not received
1983-84	1	2	—
1984-85	2	8	—
1985-86	11	42	4
1986-87	11	41	3
1987-88	10	37	3
1988-89	11	33	5
1989-90	4	20	1
1990-91	9	28	7
1991-92	6	57	4
1992-93	19	58	8
	<u>84</u>	<u>326</u>	<u>35</u>

These included 35 Inspection Reports for which even the first replies have not been received despite repeated reminders.

The more important types of irregularities noticed during inspection of local audit of Power Department during the year 1992-93 are summarised below: -

Nature of irregularities	Number of cases	Amount involved (Rupees in lakhs)
1. Irregular adjustment	1	57.72
2. Outstanding cash settlement/suspense	2	38.10
3. Award of work without call of tenders	2	30.34
4. Non-energisation of electric line—loss of public money	1	27.39
5. Utilisation of capital grants, irregularities thereon	1	17.00
6. Recoveries awaited from the contractors	1	11.94
7. Irregular expenditure due to entertainment of excess staff	1	11.89

Nature of irregularities	Number of cases	Amount involved (Rupees in lakhs)
8. Extra expenditure due to delay in finalisation of acceptance tender	1	9.80
9. Loss of materials due to theft/other reasons	2	9.75
10. Discrepancy in treasury remittances and deposits	1	6.35
11. Expenditure incurred beyond delegation of financial power	2	3.07
12. Non-utilisation of materials	1	2.97
13. Liquidated damages—not recovered	1	2.85
14. Irregular appropriation of Capital Fund	1	2.18
15. Idle wind generators	1	2.13
16. Excess payment due to ambiguous provision in the agreement	1	0.73
17. Outstanding medical/LTC advances	3	0.52
18. Irregular payment of overtime allowance/wages	1	0.48
	<u>24</u>	<u>235.21</u>

CHAPTER V
REVENUE RECEIPTS
GENERAL

5.1 Trend of revenue receipts

The total receipts of the State during the year 1992-93 amounted to Rs. 604.11 crores. These comprise tax revenue of Rs. 33.74 crores, non-tax revenue of Rs. 21.35 crores, State's share of divisible Union taxes of Rs. 214.51 crores and grants-in-aid of Rs. 334.51 crores received from the Government of India.

5.2 Analysis of revenue receipts

(a) *General Analysis*

Analysis of receipts during the year 1992-93 and the preceding two years is given below :

	1990-91	1991-92	1992-93
	(Rupees in lakhs)		
I. Revenue raised by the State Government			
(a) Tax revenue	2602.29	2884.06	3374.17
(b) Non-tax revenue	18290.31	1777.56	2134.66
Total	4431.60	4661.62	5508.83
II. Receipts from Government of India			
(a) State's share of net proceeds of divisible Union taxes	15612.60	18866.67	21451.33
(b) Grants-in-aid	29488.39	32791.51	33450.96
Total	45100.99	51658.18	54902.29
III. Total receipt of the State Government (I + II)	49532.59	56319.80	60411.12
IV. Percentage of I to III	9	8	9

(b) *Tax revenue raised by the State*

Receipts from tax revenue during 1992-93 constituted about 61 *per cent* of the revenue raised by the State Government. An analysis of tax revenue for the year 1992-93 and the preceding two years is given below :

	1990-91	1991-92	1992-93	Percentage of increase (+) or decrease (-) in 1992-93 over 1991-92
(Rupees in lakhs)				
1. Sales Tax	1334.37	1531.02	1680.81	(+) 10
2. State Excise	462.73	523.08	724.40	(+) 38
3. Other taxes on Income and Expenditure	338.93	338.16	412.32	(+) 22
4. Stamps and Registration fees	223.94	242.38	277.15	(+) 14
5. Taxes on vehicles	93.45	111.71	143.02	(+) 28
6. Other Taxes and Duties on Commodities and Services	72.18	82.09	67.33	(-) 18
7. Land Revenue	67.46	31.94	47.09	(+) 47
8. Taxes on Agricultural Income	9.03	23.40	21.55	(-) 8
9. Taxes and Duties on Electricity	0.20	0.28	0.47	(+) 68
Total	<u>2602.29</u>	<u>2884.06</u>	<u>3374.17</u>	

The reasons for variation as stated by the Departments were as under :

The increase of 38 *per cent* under "State Excise" was due to normal growth of consumption of liquor and measures adopted for

additional resource mobilisation with effect from 1 April 1992 by way of enhancing the excise duties and annual licence fees.

The increase of 28 *per cent* under "Taxes on Vehicles" was due to increase in the population of different categories of vehicles, recovery of arrears of taxes and fees and increase in the rate of road tax.

The increase of 22 *per cent* under "Other Taxes on Income and Expenditure" was due to revision of rates of Professional Tax in respect of various categories of assesseees and detailed survey conducted.

The reasons for increase of 68 *per cent* under "Taxes and Duties on Electricity", 47 *per cent* under "Land Revenue" and the reasons for decrease of 18 *per cent* under "Other Taxes and Duties on Commodities and Services" though called for have not been received from the concerned Departments (June 1994).

(c) *Non-tax revenue of the State*

Non-tax revenue receipts of the State constituted about 39 *per cent* of the State's own revenue receipts. The details of major sources of non-tax revenue received during the year 1992-93 and the preceding two years are given below :

	1990-91	1991-92	1992-93	Percentage of increase (+) or decrease (-) in 1992-93 over 1991-92
	(Rupees in lakhs)			
1. Power	603.18	703.27	880.98	(+) 25
2. Forestry and Wildlife	324.53	251.06	262.79	(+) 5
3. Education, Sports, Art and Culture	51.75	68.27	242.89	(+) 256
4. Crop Husbandry	154.27	132.25	175.58	(+) 33
5. Other Administrative Services	82.46	144.19	58.84	(-) 59
6. Other General Economic Services	21.11	3.60	56.56	(+) 1471

	1990-91	1991-92	1992-93	Percentage of increase (+) or decrease (-) in 1992-93 over 1991-92
(Rupees in lakhs)				
7. Police	49.78	51.86	51.72	*
8. Interest Receipts	74.46	79.92	44.92	(-) 44
9. Printing and Stationery	68.28	50.09	41.60	(-) 17
10. Animal Husbandry	27.63	25.72	40.06	(+) 56
11. Industries	37.57	63.64	39.99	(-) 37
12. Public Works	42.59	48.32	39.33	(-) 19
13. Other Industries	115.26	—	30.20	(+) 100
14. Village and Small Industries	47.43	46.99	26.91	(-) 43
15. Fisheries	25.43	27.50	15.46	(-) 44
16. Others	113.58	80.88	126.83	(+) 57
Total	1829.31	1777.56	2134.66	

* Decrease was less than one *per cent*.

The reasons for variations as stated by the Departments were as under :

The increase of 256 *per cent* under “Education, Sports, Art and Culture” was due to deposit of undisbursed pay and allowances/LTC/TA/Mid-Day-Meal money/sale proceeds of N.T. Books and other recoveries along with the actual revenue like fees, fines, auction money and sale proceeds etc.

The increase of 56 *per cent* under “Animal Husbandry” was due to realisation of outstanding arrear bills for milk, different farm products and deposit of earlier years’ unspent amount of various beneficiary schemes.

The increase of 33 *per cent* under “Crop Husbandry” was due to excess production in farms and orchards and collection of more sale proceeds.

The increase of 25 *per cent* under “Power” was due to increase in consumers and upward revision of Tarrif on Electricity with effect from 1 June 1992.

The decrease of 44 *per cent* under “Fisheries” was due to outbreak of fish disease and less harvest of fish from Gumti Reservoir.

The decrease of 37 *per cent* under “Industries” was due to non-payment of royalty by ONGC, Tripura Project.

The reasons for increase of 1471 *per cent* under “Other General Economic Services” and 100 *per cent* under “Other Industries” and the reasons for decrease of 59 *per cent* under “Other Administrative Services” and 44 *per cent* under “Interest Receipts” have not been received from the concerned Departments (June 1994).

5.3 Variations between budget estimates and actuals

5.3.1 The variations between budget estimates and actuals in respect of some of the important heads of revenue for the year 1992-93 are indicated below :

Head of revenue	Budget estimates	Actuals	Variation Increase (+) Decrease (-)	Percentage of Variation
(Rupees in lakhs)				
Tax Revenue				
1. Sales Tax	1469.40	1680.81	(+) 211.41	(+) 14
2. State Excise	510.15	724.40	(+) 214.25	(+) 42
3. Other Taxes on Income and Expenditure	373.67	412.32	(+) 38.65	(+) 10
4. Stamps and Registration	246.89	277.15	(+) 30.26	(+) 12
5. Taxes on Vehicles	103.02	143.02	(+) 40.00	(+) 39
6. Other Taxes and Duties on Commodities and Services	79.57	67.33	(-) 12.24	(-) 15
7. Land Revenue	74.37	47.09	(-) 27.28	(-) 37
8. Taxes on Agricultural Income	9.95	21.55	(+) 11.60	(+) 117

Head of revenue	Budget estimates	Actuals	Variation Increase (+) Decrease (-)	Percentage of Variation
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(Rupees in lakhs)

Non-tax Revenue

1. Power	665.15	880.98	(+) 215.83	(+) 32
2. Forestry and Wildlife	357.82	262.79	(-) 95.03	(-) 27
3. Crop Husbandry	170.06	175.58	(+) 5.52	(+) 3
4. Other Adminis- trative Services	90.92	58.84	(-) 32.08	(-) 35
5. Interest Receipts	82.08	44.92	(-) 37.16	(-) 45
6. Stationery and Printing	64.26	41.60	(-) 22.66	(-) 35
7. Public Works	46.93	39.33	(-) 7.60	(-) 16
8. Animal Husbandry	30.46	40.06	(+) 9.60	(+) 32
9. Fisheries	28.03	15.46	(-) 12.57	(-) 45

Tax Revenue

The increase of 39 *per cent* under "Taxes on Vehicles" as stated by the Department was due to increase in the population of different categories of vehicles, recovery of arrears of taxes and fees and increase in the rate of road tax.

As regards the increase of 117 *per cent* under "Taxes on Agricultural Income" and 42 *per cent* under "State Excise" the Department stated (April 1994) that there is no major variation between the revised estimates and actuals under these sources. The reasons for the revised estimates, however, have not been furnished by the Department. The Department further stated (June 1994) that the reasons for revision of the original budget in respect of State Excise was considered necessary in view of the measures adopted for additional resource mobilisation with effect from 1 April 1992. In case of Agricultural Income Tax, this was anticipated due to completion of pending assessment cases.

The reasons for decrease of 37 *per cent* under "Land Revenue" have not been received from the Department (June 1994).

Non-Tax Revenue

The reasons for variation as stated by the Department were as under :

The increase of 32 *per cent* under "Power" was due to increase in consumers and upward revision of Tarrif on Electricity with effect from 1 June 1992.

The increase of 32 *per cent* under "Animal Husbandry" was due to realisation of outstanding arrear bills for milk, different farm products and deposit of earlier years' unspent amount of various beneficiary schemes.

The decrease of 45 *per cent* under "Fisheries" was due to outbreak of fish disease and less harvest of fish from Gumti Reservoir.

The decrease of 35 *per cent* under "Stationery and Printing" was due to non-receipt of payment of bills for printing charges from different departments/offices.

The decrease of 27 *per cent* under "Forestry and Wildlife" was due to measures taken to the protective aspect of forests rather than productive aspect of them.

The reasons for decrease of 45 *per cent* under "Interest Receipts" and 35 *per cent* under "Other Administrative Services" though called for have not been received from the concerned Departments (June 1994).

5.4 Cost of collection

The gross collections in respect of major revenue receipts, expenditure incurred in their collection and the percentage of such expenditure to gross collection during the year 1990-91, 1991-92 and 1992-93 along with relevant all-India average percentage of expenditure on collection to gross collection for 1991-92 are given below :

Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All-India percentage of cost of collection 1991-92
			(Rupees in lakhs)		
1. Sales Tax	1990-91	1334.37	28.76	2	1.5
	1991-92	1531.02	35.94	2	
	1992-93	1680.81	33.62	2	

Head of revenue	Year	Gross Collection	Expenditure on collection	Percentage of expenditure to gross collection	All-India percentage of cost of Collection 1991-92
(Rupees in lakhs)					
2. State Excise	1990-91	462.73	13.83	3	
	1991-92	523.08	14.69	3	2.5
	1992-93	724.40	16.64	2	
3. Stamps and Registration	1990-91	223.94	30.05	13	
	1991-92	242.38	29.69	12	5
	1992-93	277.15	30.14	11	
4. Other Taxes on Income and Expenditure	1990-91	338.93	3.17	1	
	1991-92	338.16	5.08	2	
	1992-93	412.52	5.90	1	
5. Taxes on Vehicles	1990-91	93.45	*13.86	—	
	1991-92	111.71	*14.75	—	3
	1992-93	143.02	*13.43	—	
6. Taxes on Agricultural Income	1990-91	9.03	2.40	27	
	1991-92	23.40	0.87	4	
	1992-93	21.55	0.81	4	
7. Other Taxes and Duties on Commodities and Services	1990-91	72.18	3.20	4	
	1991-92	82.09	4.07	5	5
	1992-93	67.33	3.72	6	

* Includes cost of administration and other activities.

The percentage of expenditure to gross collection is higher in respect of Stamp Duty and Registration fee and Sales Tax as compared to all-India average percentage of expenditure to gross collection for the year 1991-92.

5.5 Analysis of collection

The break-up of the total collection (at pre-assessment and after regular assessment) of Sales Tax and Taxes on Agricultural Income during the year 1992-93 and the corresponding figures for the preceding two years as furnished by the Department are given below :

Name of Tax Head	Year	Amount collected at pre-assessment stage	Amount collected after regular assessment	Amount refunded	Net collection of Taxes	Net collection as per Finance Accounts	Percentage of of collection	
							Col. 3 to Col. 6	Col.4 to Col. 6
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(Rupees in lakhs)								
Sales Tax	1990-91	1290.22	44.15	Nil	1334.37	1334.37	96.7	3.4
	1991-92	1462.83	39.09	Nil	1501.92	1531.02	97.4	2.7
	1992-93	1630.06	50.80	0.03	1680.83	1680.83	97.0	3.1
Taxes on Agricultural Income	1990-91	8.95	0.08	Nil	9.03	9.03	99.1	0.9
	1991-92	23.34	0.06	Nil	23.40	23.40	99.7	0.3
	1992-93	—	21.55	Nil	21.55	21.55	—	—

The position of revenue collected by Sales Tax and Taxes on Agricultural Income Departments as detailed above shows that the collection of revenues at pre-assessment stage ranged between 96.7 and 99.7 *per cent* and the percentage of revenue collected after regular assessment to that at pre-assessment stage ranged between 0.3 and 3.4 *per cent* during the last 3 years ending March 1993. This indicates the awareness of voluntary compliance by tax payees and the limited role of tax collection machinery in achieving the target of income.

5.6 Arrears in assessment

The details of Sales Tax assessment and Agricultural Income Tax assessment cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed off during the year and the number of cases pending finalisation at the end of each year during 1988-89 to 1992-93 as furnished by the Departments are given below :

Year	Opening balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the closing of the year
(1)	(2)	(3)	(4)	(5)	(6)
(a) Sales Tax					
1988-89	1607	3908	4515	2545	1970
1989-90	1970	3261	5231	2957	2274
1990-91	2274	3897	6171	2491	3680
1991-92	3680	3104	6784	1890	4894
1992-93	4894	3271	8165	2961	5204
(b) Agricultural Income Tax					
1988-89	221	134	355	1	354
1989-90	354	221	575	80	495
1990-91	495	49	544	15	529
1991-92	297*	49	346	25	321
1992-93	321	36	357	185	172

*Relates to tea gardens only. Information on other categories was stated by the Department to have been under collection (August 1993). Further reply was not received (June 1994).

The table shows that the number of outstanding Sales Tax cases went up from 1970 at the end of 1988-89 to 5204 at the end of 1992-93 and from 354 cases to 529 cases at the end of 1990-91 in respect of Agricultural Income Tax (full particulars in respect of the year 1991-92 and 1992-93 have not been received from the Department).

5.7 Un-collected revenue

Analysis of arrears of revenue pending collection as on 31 March 1993 in respect of Sales Tax and Agricultural Income Tax as reported by the Department and corresponding figures for the preceding year are indicated below :

Sources of revenue	Amount pending collection as on		Arrears of revenue outstanding for more than 5 years as on		Remarks
	31 March 1992	31 March 1993	31 March 1992	31 March 1993	
	(Rupees in lakhs)				
1. Sales Tax	519.24	545.18	278.04	356.65	Recoveries amounting to Rs. 124.22 lakhs had been stayed by courts and Government, demands for Rs. 94.78 lakhs had been covered by recovery certificates and an amount of Rs. 227.11 lakhs had been in different stages of recovery.
2. Agricultural Income Tax	9.35	12.75	8.35	12.20	Demands for Rs. 2.46 lakhs had been covered by recovery certificates, recoveries amounting to Rs. 6.43 lakhs had been stayed by courts and an amount of Rs. 3.86 lakhs had been in different stages of recovery.

5.8 Frauds and evasion

87 cases of frauds and evasion of Sales Tax were detected and finalised by the Department during the year 1992-93. Rupees 2.83 lakhs were assessed as tax in these cases in addition to a penalty of Rs. 5.64 lakhs.

5.9 Outstanding inspection reports and audit observations

(a) Important irregularities in assessment of revenue and defects in the accounting of revenue receipts noticed in Audit and not settled on the spot are communicated to Head of Offices and departmental authorities through local audit reports. The more important and serious irregularities are reported to the Government. Besides, statements indicating the number of objections outstanding for over six months/one year are also sent to Government for expediting their settlement.

(b) At the end of June 1993 in respect of inspection reports issued up to December 1992, 1024 audit objections were still to be settled

as per details given below. The corresponding position in the earlier two years has also been indicated alongside.

	At the end of		
	June 1991	June 1992	June 1993
Number of outstanding local audit reports	247	265	282
Number of outstanding audit observations	857	959	1024
Amount of receipts involved (in lakhs of rupees)	259.44	313.93	505.12

The year-wise break-up of outstanding audit reports, audit observations and amount involved at the end of June 1993 is given below :

Year	Number of outstanding		Revenue involved (in lakhs of rupees)
	Inspection reports	Audit observations	
Up to 1990-91	229	770	247.67
1991-92	13	81	50.13
December 1992	40	173	207.02
Total	282	1024	505.12

(c) The receipt-wise break-up of outstanding inspection reports, audit observations and amount involved therein as on 30 June 1993 is indicated below :

Department	Number of outstanding		Amount of receipts involved	Year to which objections relate	Number of Inspection Reports to which even 1st reply had not been received
	Inspection Reports	Audit Observations			
(Rupees in lakhs)					
1. Sales Tax	52	310	92.60	1984-85 to December 1992	4
2. Forest	54	237	132.19	1984-85 to December 1992	5
3. Electricity	110	365	222.81	1983-84 to December 1992	33
4. Motor Vehicles	7	23	16.89	1985-86 to December 1992	—

Department	Number of outstanding		Amount of receipts involved	Year to which objections relate	Number of Inspections Reports to which even 1st reply had not been received
	Inspection Reports	Audit Observations			

(Rupees in lakhs)

5. Professional Tax	1	1	0.05	1992-93	—
6. Agri-Income Tax	7	15	10.23	1985-86 to December 1992	—
7. State Excise	11	23	23.48	1983-84 to December 1992	—
8. Land Revenue	23	19	1.27	1980-81 to December 1992	—
9. Stamps and Registration	10	16	3.19	1986-87 to December 1992	—
10. Entertainment Tax	7	15	2.41	1987-88 to December 1992	—
Total	282	1024	505.12		

5.10 Results of Audit

Test-check of the records of Sales Tax, State Excise and Entertainment Tax conducted during the year 1992-93 revealed under assessment/short levy/loss of revenue amounting to Rs. 11.55 lakhs in 32 cases. During the course of the year 1992-93 the concerned Departments accepted under assessment etc., of Rs. 1.07 lakhs involved in 16 cases of which Rs. 0.46 lakh involved in 4 cases were pointed out in 1992-93 and the rest in earlier years.

This chapter contains 7 paragraphs including one review involving financial effect of Rs. 26.78 lakhs which were accepted by the Government/Department. Recovery made in these cases amounted to Rs. 0.39 lakh up to March 1994.

SALES TAX

5.11 Results of audit

The test-check of Sales Tax assessment and other records of 6 units conducted in audit during the year 1992-93 revealed under-assessment of tax amounting to Rs. 7.67 lakhs in 23 cases which broadly fall under the following heads :

	Number of cases	Amount involved (Rupees in lakhs)
1. Blocking of revenue due to non-disposal of appeal cases	2	4.26
2. Under-assessment of tax	13	1.36
3. Non-inclusion of interest	1	1.21
4. Loss of revenue due to non-classification of bricks according to prescribed yard-stick	1	1.10
5. Loss of revenue due to calculation mistake	1	0.06
6. Loss of revenue due to non-composition of seized goods	1	0.21
7. Under-assessment of interest	2	0.31
8. Non-raising of demand for additional Sales Tax	1	0.04
9. Loss of revenue due to non-determination of sale price at TSIC rate	1	0.12
Total	<u>23</u>	<u>7.67</u>

During the course of the year 1992-93, the Department accepted under-assessment etc., of Rs. 0.69 lakh involved in 13 cases of which Rs. 0.08 lakh involved in 1 case were pointed out during 1992-93 and the rest in earlier years.

5.12 Working of Sales Tax Check Posts in Tripura

5.12.1 Introduction

The Tripura Sales Tax Act, 1976 and the rules made thereunder, which came into force from July 1976, provide for levy of sales tax in Tripura on the goods and at the rates as specified in schedule under sub-section (i) of Section 3 of the Act. With a view to preventing or checking evasion of sales tax 4 (four) check posts have been set up in the State at Choraibari, Bagbasa, Majlishpur and Bishalgarh during June 1978 to June 1982. Of the 4 check posts, the Choraibari check post with barrier was set up on the tri-junction of Assam-Agartala Road on 15 June 1978. It functions round the clock on all days and is the only entry point to the State by road. Thus, the sales

tax check post at Choraibari is strategically very important from the point of view of ensuring collection of sales tax due and checking of evasion of tax.

The other 3 check posts were initially set up in June 1978 at Bagbasa, Bishalgarh and Jirania. In June 1987, the then existing check post at Jirania was shifted to Majlishpur near Jirania. In the absence of basic infrastructure, non-availability of required fund and sanctioned staff, it was not possible to make these check posts functional except Majlishpur check post where surprise checks were only conducted by deputing staff from various offices of the Superintendent of Taxes located at Agartala. No records regarding the number of times surprise checks were conducted, total number of offence cases detected, amount of revenue realised as a result of such surprise check could be made available (October 1993).

5.12.2 *Organisational set up*

The control and superintendence of the check post is vested in the Superintendent of Taxes, Choraibari who is assisted by 5 Inspectors of Taxes and other ministerial staff. The overall administrative control vests in the Commissioner of Taxes.

5.12.3 *Scope of Audit*

A review of the working of check post at Choraibari was undertaken during the period from 16 December 1992 to 14 January 1993 covering the period from 1987-88 to 1991-92 with a view to assess the overall efficiency of the systems and procedures regulating the working of the check post.

5.12.4 *Highlights*

—While the check post at Choraibari was set up in June 1978, thorough checking by unloading of vehicles started only with effect from 1987-88. The number of vehicles checked was less than prescribed yard-stick during the year 1989-90 to 1991-92.

(Paragraph 5.12.6)

—Red and green register and register for recording details of declaration/permit etc., collected at the check gate as prescribed were not maintained.

(Paragraph 5.12.7(i))

—Instructions regarding charging godown rent were not followed.

(Paragraph 5.12.7(ii))

—Delay in the disposal of seized goods where claims were not preferred by the person concerned within the prescribed time resulted in non-realisation of revenue and blocking of storage space.

(Paragraph 5.12.7(iv))

—Non-imposition of penalty as per provision of the Act, during 1990-91 and 1991-92 resulted in loss of revenue of Rs. 83,214/-.

(Paragraph 5.12.9(i))

—Non-imposition of composition money in accordance with the provisions of the Act resulted in loss of revenue amounting to Rs. 2.79 lakhs.

(Paragraph 5.12.9(ii))

—A very weigh bridge purchased at a cost of Rs. 4.62 lakhs for installation at Choraibari check post during November 1991 has not been installed so far (November 1993).

(Paragraph 5.12.10)

5.12.5 Trend of revenue collection at the check post

Collection made at the Choraibari check post vis-a-vis total sales tax receipt of the State for the 5 years ending 1991-92 were as follows :

Year	Amount collected by way of taxes and compounding fees at Choraibari check post	Total Sales Tax receipt of the State	Percentage of 2 to 3
(1)	(2)	(3)	(4)
(Rupees in lakhs)			
1987-88	7.81	858.91	0.9
1988-89	6.95	1024.01	0.7
1989-90	7.09	1132.10	0.6
1990-91	12.61	1334.37	0.9
1991-92	13.86	1531.02	0.9
Total	48.32	5880.41	

5.12.6 Checking of vehicles passing through the check post at Choraibari

With a view to prevent the evasion of tax payable under the Act, the Tripura Sales Tax Act, 1976 and the Rules made thereunder provides, *inter alia*, that every person transporting taxable goods shall, before crossing the check post or barrier, file before the officer-in-charge of the check post or barrier, a correct and complete declaration of the goods in prescribed form. The officer-in-charge of the check post or barrier for the purpose of satisfying himself that the provisions of the Act are not being contravened intercept, detain and search any vehicle which may be suspected of being used for contravening such provisions. If on such inspection the officer-in-charge has reason to believe that any person has contravened or attempted to contravene the provisions of the Act in respect of any taxable goods, he may seize such goods together with any container or other materials for packing of taxable goods. When the person from whom the taxable goods are seized opts for composition of such offence within a period of 15 days from the date of seizure of the goods, the Superintendent of Taxes determines the amount of composition money and releases the seized goods on production of receipted copy of challan in support of payment.

The check post at Choraibari was set up in June 1978, but no instructions prescribing the number of vehicles to be searched thoroughly were issued till June 1986 when it was prescribed that at least two vehicles should be searched everyday. Such checking started only in 1987-88. The total number of vehicles passing through the gate, total number checked and the total number of offence cases detected during the period from 1987-88 to the end of 1991-92 are shown below :

Year	Number of vehicles passing	Number of vehicles checked	Percentage of total vehicles checked	Number of offences detected	Percentage of offences vehicles checked	Amount collected from offenders
						(Rupees in lakhs)
1987-88	36396	728	2	506	69.50	7.81
1988-89	47881	891	1.86	779	86.74	6.95
1989-90	52488	663	1.26	508	76.62	7.09
1990-91	42708	478	1.12	371	77.61	12.61
1991-92	44527	539	1.21	357	66.23	13.86

Thus, only a negligible number of vehicles, ranging between 1.12 to 2 per cent of total vehicles passing were checked. The Department did not review the position and consider methods for raising the percentage of vehicles to be checked thoroughly though 66.23 to 86.74 per cent of the vehicles checked were found to be offenders. Though the implications in terms of revenue loss cannot be quantified in exact terms, but on the basis of the observed trend if it is assumed that 67 per cent of the vehicles which were not checked would have committed offences and assuming collection of tax from them at an average rate over these five years, the revenue loss would work out to Rs. 3,287 lakhs for the above years. Raising the percentage of vehicles checked is, therefore, clearly indicated in the interest of revenue.)

The Government to whom the matter was reported in April 1993 attributed (June 1993) the reasons for not prescribing any target of work at the check post to lack of required budget estimates and non-availability of basic infrastructures available in other States.)

5.12.7 Deficiencies noticed in the working of the system

(i) As per departmental instruction issued in June 1986 details of all incoming vehicles are to be entered in a 'Red Register' and those of all outgoing vehicles in a 'Green Register' to be maintained in the prescribed proforma. Similarly, details of declaration received at the check gate are also to be entered in registers to be maintained separately for each Superintendent of Taxes.)

(a) It was, however, noticed during Audit that (no separate register, in the prescribed proforma for incoming and outgoing vehicles were maintained till 1 September 1992.) (The register maintained in manuscript form till that date) did not incorporate information regarding the quantity of goods in many cases and weight and value of goods in any case. The register (did not contain important columns like consignee's name, address, registration number, transporters particulars, irregularities noticed and action taken, if any, and remarks column.)

The Government, however, stated (June 1993) that the registers for both incoming and outgoing vehicles were maintained but did not

spell out any reasons for non-inclusion of the vital columns therein as per prescribed proforma.

(b) Though register in proforma III was to be maintained separately for each Superintendent of Taxes, yet no register was maintained for recording details of permits/declaration received/collected at the check gate and as a result it could not be verified whether all the forms and declarations collected at the check gate were complete in all respects and sent to the Superintendents of Taxes concerned and whether action on those declarations/permit forms was taken by the concerned Superintendent of Taxes. It was noticed from a departmental memorandum issued (3 January 1990) that the copies of the declaration forms received from Choraibari check post were lacking in vital information like value of taxable goods, name, address and registration number of consignee.

The Government stated (June 1993) that the details of the permits/declarations were recorded in the register of incoming and outgoing vehicles and were sent to concerned Superintendent of Taxes. However, no record to show regular transmission of all the declarations collected at the check post and their receipt by the respective Superintendent of Taxes could be produced to Audit.

(ii) With a view to overcoming the problem of blocking of the godown space causing considerable inconvenience in keeping the seized goods due to delay in lifting of the goods seized at the Choraibari check post, the Commissioner of Taxes instructed (23 May 1987) the Superintendent of Taxes, Choraibari, to charge godown rent at the rate of Rs. 100 per ton per day in respect of the seized consignment of goods in addition to taxes, penalty, interest, composition money and labour charges payable under the Act of the dealer/transporter does not turn up within 15 days.)

A scrutiny of the records, however, revealed that ^{weight} weight of seized goods was not recorded anywhere so as to determine the godown rent chargeable. No godown register was also maintained. In 3 cases where delay in lifting goods attributable to the party concerned varied from 139 days to 290 days, no godown rent was charged. The reasons for not charging godown rent in these cases were not stated.)

The Government, while admitting the fact stated (June 1993) that in view of the distance of Choraibari check post from Agartala (200 kms) it would not be appropriate to charge godown rent in respect of the seized goods in addition to taxes, penalty etc., which might seriously affect the functioning of the check post in such an isolated place.

The Government reply is not tenable as it contradicts the very spirit behind issue of the order introducing the system of recovering godown rent and the order is still in force.

(iii) (Figure of tax and composition money collected at the check post and remitted into treasury had not been reconciled with the treasury figures.)

It was stated by the Government (June 1993) that the Superintendent of Choraibari check post had been instructed for reconciliation of the revenue receipts with Treasury Accounts.

(iv) (Under the provisions of the Act, if a person whose taxable goods are seized does not opt for composition of the offence within a period of 15 days from the date of seizure, the seized goods are to be disposed off by public auction after obtaining approval of the Commissioner of Taxes.) The cost of conducting the auction and the dues on account of taxes, penalty, composition money, labour charges etc., are to be appropriated from the sale proceeds of the auction.

A scrutiny of the records, however, disclosed that (various taxable goods seized during May 1990 to March 1992 in 8 cases had not been disposed off (March 1994) for a period ranging between 25 and 47 months. The value of seized goods could not be ascertained from the records and consequently tax realisable could not be quantified by Audit. The labour charges paid for unloading of seized goods were Rs. 960/-. The delay in the disposal had resulted in non-realisation of tax/composition fees as also prolonged occupation of godown space.)

(The Government) to whom the matter was reported in April 1993 stated (June 1993) that at the instance of Audit the matter was examined and (it was ascertained that composition money had gone double the sale price and no dealer/transporter came forward to opt for composition.) It was also held that in the event of public auction,

no bidder would be available at the isolated place at Choraibari to bid for the seized goods. The Government reply, however, remained silent on the action taken for disposal of the seized goods as also for removing blocking of the godown space.

5.12.8 *Non-availability of list of registered dealers*

(The Commissioner of Taxes issued (September 1989) instructions to all the Superintendents of Taxes to furnish a monthly statement containing names and particulars of the newly registered dealers and of those whose registration certificates are cancelled to the Superintendent of Taxes, Choraibari check post by the 7th of the following month.) These instructions were issued with a view to avoiding evasion of taxes by quoting fictitious/incorrect names and registration numbers. It was, however, noticed that the check post did not have any such statement in the absence of which the officer-in-charge of the check post was not in a position to ensure whether the consignees were genuine registered dealers and the registration numbers quoted by them were correct.)

The Government admitted (June 1993) that the records could not be updated due to inadequacy of clerical staff. It was also stated that necessary instruction had been issued to update the list and to maintain the same properly.

5.12.9 *Non-levy of composition money/penalty etc.*

Under the provisions of the Act, the officer-in-charge (Inspector) of the check post is required to report to the Superintendent of Taxes, Choraibari for taking further action regarding release/disposal of seized goods. The Superintendent of Taxes thereafter is required to issue a notice to the concerned dealer/transporter fixing a date for hearing. In case the dealer/transporter is found to have committed an offence under the Act, the Superintendent may impose penalty under Section 13. Thereafter the transporter is given a chance for compounding the offence and in case the defaulting dealer agrees for compounding, the Superintendent of Taxes passes an order directing the dealer/transporter to deposit by a particular date the composition money not exceeding one thousand rupees or double the amount of the tax payable, whichever is greater in addition to the tax, interest and penalty

recoverable. Besides, loading, unloading charges and godown rent are also recoverable.

A scrutiny of the records revealed the following :

(i) Though penalty was leviable at rates varying from 10 *per cent* to 150 *per cent* of the taxes under the provision of the Act, yet no penalty was imposed in 805 offences compounded during the period 1990-91 and 1991-92. A penalty leviable at the lowest rate of 10 *per cent* on a total tax of Rs. 8,32,140 in the aforesaid offence cases was not levied and this resulted in a loss of revenue of Rs. 83,214 at the minimum.)

Government stated (June 1993) that with a view to speedy disposal and also in consideration of the gravity of offences, the Superintendent of Taxes concerned had compounded the offence under Section 32(1) of the Act, without levying penalty. The reply is, however, not tenable since attempt to evade payment of taxes attracted the provision of imposition of penalty varying from 10 *per cent* to 150 *per cent* depending on the gravity of offence.

(ii) (a) Under the provision of the Act, composition money includes besides taxes, interest and penalty, a sum of money not exceeding Rs. 1,000/- or double the amount of tax, whichever is greater.) On scrutiny of the assessment records of the Superintendent of Taxes, Choraibari check post during December 1987 it was noticed that (in 51 cases compounded during 1986-87 though the offence was in the nature of evasion of taxes, the composition money was not levied at the higher rate i.e., at double the amount of taxes (43 cases) and at rupees one thousand (8 cases), which resulted in short imposition of composition money amounting to Rs. 1.06 lakhs.)

(b) (Similarly) it was also noticed in April 1989 that (in 191 cases, compounded during 12 December 1987 to January 1989, the composition money was not realised at the higher rate i.e., at double the amount of taxes (184 cases), and at rupees one thousand (7 cases), as provided under the Act, (resulting in non-imposition of composition money amounting to Rs. 1.73 lakhs.) Only the penalty amounting to Rs. 67,751/- was realised under Section 13(1) of the Act.

The Department stated (July 1990) that due to shortage of

godown space at Choraibari check post to keep the seized goods indefinitely for disposal and remoteness of the location of the check post from Agartala, there was no other alternative but to determine the composition money as per the provisions of Clause (B) of Sub-section (1) of Section 32 of the TST Act, 1976 for speedy disposal of seized goods and also in the interest of collection of revenue.

However, while admitting the fact the Government stated (April 1993) that at the initial stage the cases/legal provisions were not dealt with/followed properly and there is no scope now to re-open the chapter since proceedings as per provisions of Section 468 Cr.P.C. cannot be drawn on expiry of the limitation period of one year.)

5.12.10 *Other interesting points*

A weigh bridge which was purchased at a cost of Rs. 4.62 lakhs on 1 November 1991 for installation at the Choraibari check post for the purpose of finding out the undeclared/unrecorded taxable goods and checking evasion of taxes has not been installed (October 1993) as the foundation work for the weigh bridge has not been completed. The Department stated (March 1994) that although the installation of Avery weigh bridge has since been completed in February 1994 but smooth functioning of weight bridge cannot be expected until construction of proposed approach road after acquisition of land. Delay in bringing the machine into operation caused non-detection of undeclared taxable goods resulting in possible leakage of taxes.

The above points were brought to the notice of Department/Government. Their reply has been incorporated at relevant places.

5.13 **Turnover escaping assessment**

(i) Scrutiny of records in Audit (December 1992) of the Superintendent of Taxes, Charge-II at Agartala revealed that assessing officer while finalising the assessment for the year 1989-90 of an assessee dealing in manufacture and sale of bricks did not include bricks valued at Rs. 4.05 lakhs being closing stock of the previous year (1988-89) while determining the turnover for the year. The omission resulted in short levy of sales tax amounting to Rs. 75,937 (including interest).

Government to whom the matter was reported in May 1993

stated in June 1993 that notice for re-assessment had been issued. Further developments have not been reported (June 1994).

(ii) In Agartala, turnover for the assessment year 1988-89 of a dealer in bricks was determined (September 1992) at Rs. 19.52 lakhs on 23.75 lakh bricks sold during the year. Scrutiny in Audit (December 1992) of the assessment records, however, revealed that though the closing stock at the end of the previous year was correctly worked out as 22.09 lakh bricks yet while carrying forward the opening stock for the year 1988-89 it was shown as 8.50 lakh bricks.

Besides, the same assessment records showed that even with the opening stock of 8.50 lakhs (production during the year was 21.84 lakhs with the closing stock of 5.70 lakh bricks as accepted by the assessing authority), the sale during the year stood at 24.64 lakhs instead of 23.75 lakhs assessed resulting in turnover of 0.89 lakh bricks escaping tax. Taking into account the correct opening stock of 22.09 lakh bricks the turnover during the year 1988-89 worked out to Rs. 29.80 lakhs on 38.23 lakh bricks actually sold as against Rs. 19.52 lakhs assessed on 23.75 lakh bricks by the assessing officer.

The omissions resulted in turnover of Rs. 10.28 lakhs escaping tax with consequential short levy of tax of Rs. 2.29 lakhs including interest (tax : Rs. 1.23 lakhs and interest : Rs. 1.06 lakhs from 15 May 1989 to 30 September 1992).

Besides, penalty up to one and half times, but not less than 10 *per cent* of that amount under Section 13 of the Act, for concealment of turnover and evasion of tax is also leviable.

The matter was reported to the Government in May 1993, Government stated (June 1993) that notice for re-assessment had been issued on 30 April 1993 ; further information has not been received (June 1994).

5.14 Under-assessment due to inadmissible allowance of loss and turnover escaping assessment

In the event of loss of taxable goods, during the process of manufacture, the manufacturer is required to intimate the fact immediately after occurrence to the concerned Superintendent of Taxes. Under the provisions of Handbook of Instructions for the

★ Superintendent and Inspector of Taxes, such report on loss is required to be checked carefully to ascertain the exact loss by conducting actual inspection as early as possible. Further, according to the instructions of the Commissioner of Taxes, Tripura (July 1988) allowance on account of loss of bricks due to rain etc., is required to be limited to one *per cent* of green bricks produced and half *per cent* of bricks loaded in the kiln.

At Agartala, turnover for the assessment year 1990-91 of a manufacturer as well as dealer in bricks and brick products was determined (June 1992) by the Superintendent of Taxes, Charge-II, Agartala at Rs. 4.19 lakhs on sale of 12.59 lakh bricks including bats.

The above quantity of sale was arrived at by the assessing authority taking the opening stock as 10.08 lakh bricks, production during the year as 12.01 lakh bricks and closing stock as at the end of the year as 6.56 lakh bricks allowing a deduction of 2.94 lakh bricks as loss due to rain based on the accounts of the assessee. Scrutiny in Audit (December 1992) however, revealed that as against a deduction of 2.94 lakh bricks allowed by the assessing authority (based on the books of accounts of the assessee and not on the basis of actual inspection) the admissible deduction as per the norms laid down by the Commissioner worked out to 0.18 lakh bricks. This resulted in excess deduction of 2.76 lakh bricks valued at Rs. 2.05 lakhs. It was also noticed that the assessing authority omitted to include 1000 cubic metre of 1st class brick bats valued at Rs. 2.20 lakhs. Thus, (the total turnover that escaped assessment worked out to Rs. 4.25 lakhs on which tax and interest short levied amounted to Rs. 65,875 (tax : Rs. 51,000 and interest : Rs. 14,875).)

The matter was reported to the Government in May 1993, Government stated (June 1993) that the dealer had preferred a second appeal before the Tripura Sales Tax Tribunal ; further report has not been received (June 1994).

5.15 Short levy of interest due to erroneous computation

Under the Tripura Sales Tax Act, 1976 if any registered dealer does not pay into a Government treasury the full amount of tax due from him on the basis of his return within the prescribed date, simple

interest at the rate of twentyfive *per cent* per annum from the first day of the following month in which the amount is due is payable by the dealer on the balance amount by which the tax so paid falls short of the amount of tax payable.

During the Audit (August-September 1991) of the Superintendent of Taxes, Charge-I, Agartala, scrutiny of assessment records relating to the year 1986-87, 1987-88 and 1988-89 of a dealer of brass, bellmetal and aluminium products revealed that the assessing authority had assessed (30 June 1990) the tax liability of the dealer as Rs. 19,593, Rs. 23,440 and Rs. 29,836 respectively. It was, however, noticed that while calculating the interest a delay of nine months only was taken into account for all the assessment years though as per provision of the Act, tax became payable in the months of April 1987, 1988 and 1989 respectively and interest therefor, became due from 1 May of 1987, 1988 and 1989. As a result, interest due on the date of assessment worked out to 38 months, 26 months and 14 months respectively for the assessment years concerned which aggregated to Rs. 36,910 as against the amount of Rs. 13,663 levied by the assessing authority. This resulted in under-assessment of interest of Rs. 23,247.)

Government stated in June 1993 that the dealer had preferred a second appeal before the Tripura Sales Tax Tribunal; further information has not been received (June 1994).

ENTERTAINMENT TAX

5.16 Non-realisation of show tax

Under the Tripura Amusement Tax (Third Amendment) Act, 1990 effective from December 1990, the proprietors of Cinema Halls are required to pay show tax, in addition to the entertainment tax, at the rate of five paise in Municipal area and three paise outside Municipal area for every person admitted to such Cinema Halls.

It was noticed in Audit (January-February 1992) of the accounts of the District Magistrate and Collector, West Tripura District that (six proprietors of (such) Cinema Halls in Municipal area had not paid show tax of Rs. 1.01 lakhs for the period from January 1991 to December 1991.)

On this being pointed out in Audit (May 1992), an amount of Rs. 0.39 lakh was recovered on this account from five defaulters. Particulars of recovery of the balance amount of Rs. 0.62 lakh has not been received (June 1994).

The matter was reported to Government in July 1993 ; reply has not been received (June 1994).

STAMP DUTY AND REGISTRATION FEES

5.17 (i) Loss of revenue due to non-realisation of stamp duty at enhanced rate

According to Indian Stamp Act, 1899, as applicable to Tripura, stamp duty at prescribed rate is leviable in respect of instruments of different descriptions except where it is remitted under any special provisions of the Act or specified notification issued by the Government in this behalf. Stamp duty leviable in respect of instruments of different descriptions was enhanced with effect from 16 June 1992 vide Indian Stamp (Tripura Fourth Amendment) Act, 1991. It was, however, noticed that District Sub-Registrar, Agartala, Sub-Registrar, Agartala Sadar, Udaipur, Amarpur, Khowai, Kailashahar, Dharmanagar, Sonamura and Belonia continued to realise stamp duty on different instruments at the old rate from 16 June to 25 July 1992.

(The application of the pre-revised rate resulted in a loss of revenue for Rs. 5.19 lakhs.)

The Government to whom the matter was reported (September 1993), while admitting the loss, stated (December 1993) that the enhanced rate could not be enforced in time due to communication gap and the deficit stamp duty could not be realised as the registered deeds had already been delivered.

(ii) Short levy of stamp duty due to under-valuation of properties

Under the Indian Stamp (Tripura Third Amendment) Act, 1985 a registering officer, when he has reasons to believe that market value of any property mentioned in an instrument of conveyance, exchange, gift or partition is not truly set forth, may after registering the instrument, refer the matter to the Collector, for determining its market value and the proper duty payable thereon.

The District Sub-Registrar, Agartala referred 184 instruments of under-valuation to the Collector, West Tripura, Agartala during the period from 1988-89 to 1992-93. The Collector, West Tripura, settled 41 cases and realised Rs. 59,315 and sent back 12 instruments to the Registering Authority without determining the value of land and proper duty payable on the ground that the land in question was in occupation of the purchasers for a long period for which the seller could not get proper value of the land. The views of the Collector were however, not in conformity with the explanation given under the Act, which provides that the market value shall be the price which in the opinion of the Collector would have fetched if the property were sold in the open market on the date of execution of the instrument. However, it was noticed from the records of the District Sub-Registrar, Agartala that a document was registered (1987) showing value of the land at the rate of Rs. 22 lakhs per kani (a unit of land measuring 16800 sft.) in the same locality for the similar land as referred to in aforesaid 12 cases. Taking this rate into consideration even in 1990, there was a short levy of duty amounting to Rs. 42,400/- in these twelve cases. On this being pointed out in Audit, the District Sub-Registrar referred these cases once again to the Collector, Agartala in March 1993. The Department is not aware of the action taken in respect of the remaining 131 cases.

The Government to whom the matter was reported (September 1993) stated in reply (December 1993) that determination of the market value of 12 instruments could not be done by Collector as the land under referred cases was encumbered. The Government reply is, however, not tenable as there is no provision in the Act to allow lower rate in encumbered land.

(iii) Non-maintenance of records

Under the Indian Stamp Act, 1899 an instrument of conveyance is chargeable to stamp duty on the value of consideration expressed in the document or the market value of the property whichever is higher. The market value is fixed by the Revenue Department for different localities and intimated to the Registering Authorities for reference and verification at the time of registration. This information is recorded in the 'Basic Register' by the Registering Authorities.

On scrutiny of records of six Sub-Registrars, it was noticed that the basic register was not maintained. In absence of basic register as well as other information, the value of the registered documents of conveyance could not be verified for the purpose of checking correctness of the duty collected.

The Government to whom the matter was reported (September 1993) stated in reply (December 1993) that for facilitating determination of market value of land, concerned revenue authorities (SDO) have been requested to prepare a detailed chart showing market value of different classes of land under different areas and communicate it to respective Sub-Registry Office so that they may follow it during registration of the deeds.

FOREST DEPARTMENT

5.18 Loss of revenue due to theft and damage of timber

During course of audit of the receipt accounts of the Divisional Forest Officer, Gumti Forest Division, Jatanbari in Tripura South District, it was noticed (January 1990) that 233 pieces of logs of different species measuring 107.985 cubic metres were departmentally extracted during 1984-85 at a cost of Rs. 27,375/- and stacked at different depots and plantation coupe. No arrangement for disposal of the logs was made till December 1985, when tenders for sale were invited. Meanwhile 8.092 cubic metres of logs valued at Rs. 8,000/- had been stolen from the coupes. No response to the tender notice was received. Thereafter, no further action was taken for disposal of the same.

On this being pointed out by Audit in March 1991, the Divisional Forest Officer stated (April 1991) that the remaining logs of timber valued at Rs. 0.83 lakh had completely been damaged and it was not possible to dispose them off even as fire-wood. As regards theft, it was stated that FIR had been lodged with the police but no investigation report had been received from them.

Thus, failure in protecting the logs and delay in disposing them off resulted in a loss of Rs. 0.91 lakh to the Government.

The matter was reported to Government in March 1990. Government stated in April 1991 that the cost of operation and the

value of the damaged timber would be written off. The Chief Conservator of Forest attributed (August 1993) unforeseen and unprecedented circumstances as main causes for the loss. Responsibility for the damage and theft could not, however, be fixed by the Department (June 1994).

POWER DEPARTMENT

5.19 Misappropriation of Government Revenue

The General Financial Rules provide that all Government dues collected by an officer so authorised should be paid into Government treasury either on the same date or on the following day. It, further, provides that while signing the cash book at the close of each day, the head of the office should ensure that the amount shown as remitted into treasury through challans have been duly acknowledged by the Treasury Officer. In order to ensure proper remittance of the sums into treasury, a consolidated receipt for remittances made during a month should be obtained from the Treasury Officer and reconciled with the amounts shown as remittance in Cash Book. To compare with the statement of treasury credit furnished by the Accounts Officer, the Controlling Officer also should arrange to obtain monthly accounts and returns of the amount paid into treasury from the subordinate officers and reconcile the discrepancy, if any.

During the test-check in Audit (April—May 1993) of the records of the Consumers Services Sub-Division No. 1, Agartala, it was noticed that Government revenue of Rs. 11.13 lakhs on account of sale of power though accounted for in the cash book of the Sub-Divisional Officer (Electrical) as deposited into treasury through 21 challans between April 1992 and March 1993 was actually not deposited into Government treasury. Out of 21 challans, receipted copies of 19 challans were neither submitted to the Controlling Officer (Executive Engineer, Electrical Division No. 1) along with the monthly accounts, nor were these available in the Sub-Divisional Office. The remaining two challans submitted to the Executive Engineer turned out to be forged on investigation by Audit. The prescribed checks mentioned above were not followed by the Sub-Divisional Officer. The Executive Engineer also did not ask for the remaining challans at any stage.

On the matter being pointed out in Audit (April—May 1993), the Department stated (April 1993) that after lodging FIR with the police the person allegedly responsible for the misappropriation of the Government money had been placed under suspension (April 1993). Further report has not been received (June 1994).

The matter was reported to Government in June 1993 ; their reply has not been received (June 1994).

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

6.1.1 *Audit arrangements*

The accounts of autonomous bodies and other institutions which receive financial assistance from Government are audited by the Comptroller and Auditor General of India under various provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

6.1.2 During the year 1992-93, financial assistance of Rs. 5,877.52 lakhs (11 *per cent* of the Revenue expenditure of the year was paid to autonomous and other bodies broadly grouped as follows:

	Amount (Rupees in lakhs)
Educational Institutions (including Universities)	1266.49
Individual persons belonging to Scheduled Castes/Scheduled Tribes, <i>Jhumias</i> and new migrants	629.24
Village and Small Industrial Units	374.11
Agartala Municipality (including notified areas)	380.07
Individual farmers and Agricultural farms	472.93
Autonomous District Council	1854.81
Health and Family Welfare	109.95
Co-operative Societies	189.34
Others	640.58
	<hr/>
	5877.52

6.1.3 *Delay in furnishing copies of Accounts*

In order to identify the institutions which Attract audit under Section 14/15 of the C&AG's (DPC) Act, 1971, Government/Heads of Departments are required to furnish to Audit every year detailed information about financial assistance given to various institutions,

the purpose of assistance and the total expenditure of the institutions. Information for 1992-93 though called for in June 1993, was still awaited (as of) from 31 Heads of Departments. The year-wise position regarding receipt of the particulars as on 31 May 1994 is as given below :

Year	Number of Departments which furnished the information	Number of Departments from which information was awaited
1987-88	12	11
1988-89	14	11
1989-90	22	13
1990-91	22	14
1991-92	20	18
1992-93	19	30

Besides, copies of accounts of the institutions which received financial assistance of Rs. 25 lakhs and more were to be furnished to Audit, to examine whether the institutions attracted Audit under Section 14 of the Act, *ibid*. On the basis of information received up to May 1994 from the Administrative Departments, the details of the bodies/institutions which received grants/loans of Rs. 25 lakhs or more the years 1989-90 to 1992-93 and from whom accounts were awaited are given below:

	1989-90	1990-91	1991-92	1992-93
Number of bodies/institutions which received grants/loans of Rs. 25 lakhs and above per annum	5*	5 *	5 *	5 *
a) Number of bodies from which accounts have been received	4	4	4	2
b) Number of bodies from which accounts have not been received	1	1	1	3

* Tripura State Social Welfare Advisory Board, Tripura Housing Board, District Rural Development Agency, West Tripura District, District Rural Development Agency, South Tripura District, and District Rural Development Agency, North Tripura District.

Reasons for non-compilation of annual accounts by the organisations have not been furnished till date (June 1994).

6.1.4 *Delay in furnishing utilisation certificates*

The financial rules of the Government require that where grants are given for specific purposes, certificates of proper utilisation thereof should be obtained by the departmental officers from the recipients and forwarded to the Accountant General within a period of 18 months from the date of payment of grants/loans.

As of September 1993, 3871 utilisation certificates for grants/loans amounting to Rs. 14,973.82 lakhs were to be received by the Accountant General. The year-wise details were as follows:

Year	Certificates due (numbers)	Amount (Rupees in lakhs)
Up to 1988-89	438	2141.23
1989-90	608	2233.58
1990-91	374	1715.52
1991-92	1308	3005.97
1992-93	1143	5877.52
Total	3871	14973.82

Department-wise details are given in Appendix 4.

6.1.5 *Audit entrusted to the Comptroller and Auditor General of India*

In addition to Audit under Sections 14 and 15 of the C&AG's (DPC) Act, 1971, the Comptroller and Auditor General of India also conducts Audit of certain autonomous bodies/institutions under Sections 19 and 20 of the Act, *ibid*.

With effect from 1983-84 the reports on the accounts of autonomous bodies the Audit of which had been entrusted to the Comptroller and Auditor General of India under Section 19(3) of the Act, are being submitted to the Governor for presenting to the Legislature. The Report on the Accounts of the Tripura Tribal Areas Autonomous District Council (TTAADC) for the period from 1981-82 to 1984-85, the Audit of which was conducted under Section 19(3), was sent to the Governor in September 1993 for making arrangement for presenting to the Legislature. With effect from the year 1985-86, the accounts of the TTAADC have to be audited under

Section 19(2) of the C&AG's (DPC) Act, 1971 due to coming of the Council under 6th Schedule. However, accounts of the TTAADC for the years 1986-87 onwards have not been finalised so far.

Apart from the above, another non-commercial body viz., Tripura Khadi and Village Industries Board (TKVIB) was placed under the audit control of the Comptroller and Auditor General in terms of Section 19(3) of the Act. The accounts of this Board for the year 1984-85 only have been received (October 1993) and the accounts from 1985-86 onwards are in arrears. Audit of 14 other bodies/institutions also was entrusted to the Comptroller and Auditor General under Section 20(1) of the Act.

Persistent delay in preparation of annual accounts was noticed in respect of the following bodies/institutions :

Sl. No.	Name of the body/ institution	Section of the C&AG's (DPC) Act, 1971 attracted	Number of bodies/ institu- tions involved	Period of arrear	Number of accounts in arrear
1.	Tripura Tribal Areas Auto- nomous District Council (under 6th Schedule)	19 (2)	1	1987-88 to 1992-93	6
2.	Tripura Khadi and Village Industries Board	19 (3)	1	1985-86 to 1992-93	8
3.	Agartala Municipality	20 (1)	1	1977-78 to 1992-93	17
4. a)	Notified Area Authorities	20 (1)	9	1977-78 to 1992-93	153
b)	-do-	-do-	2	1987-88 to 1992-93	12
5.	Tripura University	20 (1)	1	1987-88 to 1992-93	6
6.	Tripura Board of Secondary Education	20 (1)	1	1991-92 to 1992-93	2
			Total		204

INDUSTRIES DEPARTMENT

6.2 Working of Tripura Khadi and Village Industries Board

6.2.1 *Introduction*

The Tripura Khadi and Village Industries Board (referred to as the Board) was set up in August 1967 by the Tripura Khadi and Village Industries Board Act, 1966 to plan, organise and implementation of the Khadi and Village Industries programmes, to encourage the local artisans, institutions and societies by providing financial assistance and technical guidance, improved tools and implements and supply of raw materials for development of Khadi and Village Industries and also to carry on trade or business for marketing of the finished products.

During the period from 1986-87 to 1991-92 three institutions (i) Baikhora Pati Silpa Samabaya Samiti (ii) Kamala Devi Khadi-O-Gramodyog Kalyan Samiti (iii) Melaghar Sutradhar Silpa Samabaya Samiti and 6077 artisans were assisted by the Board.

6.2.2 *Organisational set-up*

According to Tripura Khadi and Village Industries Board Act, 1966 the Government after consultation with the Khadi and Village Industries Commission appointed one Chairman, one Vice-Chairman and one Member-Secretary of the Board. Besides, the Government also appointed one Executive Officer, one Financial Advisor and Chief Accounts Officer, one Accounts Officer, other Officers and servants for efficient performance of the Board.

The post of the Chairman was held by a member of the Legislative Assembly (MLA) of the ruling Party while the Vice-Chairman and the Member-Secretary were taken from the members of the said Party.

The Chairman is in overall charge of the Board and is help responsible for proper functioning of the Board and implementation of the programme of the Khadi and Village Industries. The Vice-Chairman discharges such powers and functions as was entrusted to him by the Chairman. The Member-Secretary works under the control of the Chairman and is held responsible for convening meetings of

the Board, maintenance of the minutes of the meetings, furnishing to the State Government all reports including annual reports and returns, preparation of annual budget and maintenance of the accounts of the receipts and expenditure of the Board.

6.2.3 *Audit coverage*

Mention was made in paragraph 6.7 of the Report of the Comptroller and Auditor General of India for the year 1986-87 regarding the working of the Khadi and village Industries Board for the period from 1980-81 to 1985-86 which was discussed by the Public Accounts Committee (PAC) in its meeting held on 4 May 1992 and the findings of the PAC as contained in the 51st report were placed before the Legislature on the 17 May 1993. However, no communication has been received from the Government regarding the action taken.

The working of the Board for the period from 1986-87 to 1992-93 was further reviewed during the period from November 1992 to January 1993 and the points noticed during Audit are incorporated in the succeeding paras.

6.2.4 *Highlights*

—During 1986-87 to 1991-92 loan of Rs. 21.27 lakhs and interest of Rs. 13.05 lakhs remained unpaid to the Khadi and Village Industries Commission by the Board while loan of Rs. 4.11 lakhs was outstanding against the beneficiaries.

(Paragraph 6.2.7 and 6.2.8)

—Against Rs. 99.06 lakhs given as loans and grants to the industries and artisans during the years 1986-87 to 1991-92, utilisation certificates were received for Rs. 26.93 lakhs only (January 1993).

(Paragraph 6.2.10)

—During the period from 1986-87 to 1991-92 the shortfall in the production of yarn ranged between 68 and 87 per cent.

(Paragraph 6.2.11 (iii) (a) and (b))

—Out of 600 new model charkhas purchased up to the end

of March 1988 at a cost of Rs. 12 lakhs, 150 charkhas valued at Rs. 3 lakhs remained unutilised since 1987-88.

(Paragraph 6.2.11 (iii)(c))

—Due to excess consumption of cotton yarn, the Board sustained a loss of Rs. 3.35 lakhs during 6 years ending 1991-92.

(Paragraphs 6.2.12 and 6.2.13))

—The Board paid financial assistance of Rs. 99.06 lakhs to 3 industries and 6077 artisans for development of village industries without observing the norms prescribed by the Commission regarding selection of beneficiaries on the basis of their residence and annual income. This resulted in non-recovery of the amounts advanced.

(Paragraph 6.2.21 (a))

—The expenditure of Rs. 4.98 lakhs incurred by the Board during the period from 1987-88 to 1991-92 towards establishment of a District Office at Kumarghat proved unfruitful.

(Paragraph 6.2.22 (b))

—The Board did not conduct any market survey. It neither performed any effective and adequate monitoring function nor evaluated the impact of the scheme during last 25 years.

(Paragraph 6.2.23)

6.2.5 *Finance Management*

The Khadi and Village Industries Commission (hereinafter referred to as the “Commission”) releases grants and loans to the Board for implementation of the programmes of Development of Khadi and Village Industries by providing financial assistance to the institutions and artisans. Accordingly, the Board gives financial assistance to the institutions and artisans on the pattern prescribed by the Commission and also executes a few schemes of the Commission directly. The administrative expenses of the Board are, met out of the grants received from the State Government.

Under Section 22(1) of the Tripura Khadi and Village Industries Board Act, 1966, the Board created two funds viz., (i) Khadi Fund and (ii) Village Industries Fund. All grants and loans received from

the Commission for Khadi schemes and all grants received from the State Government for meeting the administrative expenses of the Board are credited to the Khadi Fund. The grants and loans received from the Commission for development of village industries are credited to the Village Industries Fund.

According to the procedure followed by the Commission, funds are released to the Board against the approved budget in instalments as imprest. At the end of each financial year annual statement of accounts showing the receipts and expenditure of the Board are submitted to the Commission for recoupment of imprest.

In addition, the Board had created another fund named 'Trading Fund' without the approval of the Commission/State Government. This fund is made up of amounts transferred from the Khadi and Village Industries Fund. The sale proceeds of the departmental sale counters are credited to this fund and all expenses of the departmental industrial units including the sales counter are met out of this fund.

6.2.6 *Receipt and disbursement*

Scrutiny of Cash Book, Ledger, Grants Register etc., for the period from 1986-87 to 1991-92 revealed that the Board received grants and loans amounting to Rs. 127.63 lakhs (grants : Rs. 55.59 lakhs and loans : Rs. 72.04 lakhs) from the Commission and disbursed Rs. 118.16 lakhs (grants : Rs. 62.57 lakhs and loans : Rs. 55.59 lakhs). The Board also received grants of Rs. 262 lakhs on account of administrative charges of the Board from the State Government during the above mentioned period and spent Rs. 260.08 lakhs thereagainst. The year-wise position of the receipts and disbursement are given in Appendix 5.

6.2.7 *Loans overdue*

The balance of loans repayable by the Board to the Khadi and Village Industries Commission as on 31 March 1993 was Rs. 19.07 lakhs which had to be repaid during the period from 1978-79 to 1992-93 while the loans recoverable by the Board from the beneficiaries was Rs. 6.69 lakhs. The year-wise position of overdue loans repayable to the Commission and those recoverable from the beneficiaries at the end of the last seven years was as under:

Year	Loans repayable by the Board to the Commission as on 31 March	Loans recoverable from the beneficiaries as on 31 March
	(Rupees in lakhs)	
1986-87	12.83	3.55
1987-88	16.00	3.66
1988-89	13.21	3.71
1989-90	15.44	3.47
1990-91	17.28	3.47
1991-92	21.27	4.11
1992-93	19.07	6.69

The Board had not maintained records relating to the payment of loans properly and systematically and as such it was not possible for Audit to ascertain the number of institutions/individuals against whom the amount of Rs. 4.11 lakhs was outstanding. Effective steps had not been taken by the Board to recover the overdue loans from the defaulting institutions/individuals. The Board had not worked out the balances of loans to be recovered. Confirmation of balances had also not been obtained by the grantee institutions/individuals.

In response to audit observations, Government stated (November 1993) that Loan Register for individuals/institutions had been prepared from 1989-90 and recovery notices were being served accordingly and steps had been taken to prepare the Loan Registers for the earlier years also.

6.2.8 *Interest on loans*

Against the amount of Rs. 14.22 lakhs on account of interest on loans granted by the Commission to the Board up to the end of March 1992, the Board had paid interest amounting to Rs. 1.17 lakhs only up to December 1992 leaving a liability of Rs. 13.05 lakhs unpaid.

Government stated (November 1993) that the reasons for non-payment of interest were mainly due to non-generation of funds out of the manufacturing/trading activities and non-realisation of amount from the beneficiaries concerned.

6.2.9 *Retention of unutilised grants and loans*

During the year 1985-86 the Board received Rs. 1.50 lakhs (grant Rs. 0.75 lakh) from the Commission for construction of a Khadi godown and a weaving shed at Dhaleswar/Jail Ashram Road. The construction was, however, not undertaken due to non-availability/non-allotment of land by the Government and the un-utilised amount was retained in the Trading Fund of the Board (January 1993) which was not permissible under the scheme. As a result, 150 numbers of charkhas, received from the Commission, remained idle and could not be utilised for the production of yarn/khadi cloth.

An amount of Rs. 0.35 lakh being the unspent balance of grant/loan received from the Commission in 1990-91 for purchase of machinery for the Fibre Industry was retained in the Trading Fund of the Board. But in the report submitted to the Commission, the amount was shown to have been spent on the scheme during the year 1990-91.

Similarly Rs. 2.54 lakhs (Rs. 2.17 lakhs for purchase of delivery van, Rs. 0.19 lakh for purchase of bee box and extractor and Rs. 0.18 lakh for financial assistance under village industries) received from the Commission as grant/loan in 1991-92, remained unutilised/unrefunded yet the Board reported (June 1992) to the Commission that the amount had been spent during 1991-92.

Thus grants/loans amounting to Rs. 4.39 lakhs (Rs. 1.50 lakhs + Rs. 0.35 lakh + Rs. 2.54 lakhs) received from the Commission remained unutilised and unrefunded.

6.2.10 *Submission of utilisation certificates*

Utilisation certificates for grants/loans, received from the Commission were required to be submitted by the Board after one year of receipt of loans/grants. Scrutiny of the records of the Board revealed that the Board disbursed Rs. 99.06 lakhs towards grants/loans for village industries during the years 1986-87 to 1991-92 against which utilisation certificates were obtained and submitted to the Commission for Rs. 26.93 lakhs only (January 1993). Utilisation Certificates for Rs. 72.13 lakhs had to be collected from the grantees/loanees for submission to the Commission. Reasons for

non-submission of utilisation certificate to the Commission were attributed as non-receipt of utilisation certificates from the Implementing Agencies.

6.2.11 Development of Khadi

For the implementation of khadi programme the Board received Rs. 10.37 lakhs (Grants : Rs. 2.35 lakhs and Loans : Rs. 8.02 lakhs) from the Commission during the period from 1986-87 and 1991-92 and disbursed Rs. 9.75 lakhs (Grants : Rs. 5.23 lakhs and Loans : Rs. 4.52 lakhs) to different artisans/organisations and balance amount of Rs. 0.62 lakh was lying unutilised with the Board.

(i) The year-wise targets and achievements fixed by the Board for production of khadi cloth by the grantees assisted by the Board and its departmental centres during the period from 1986-87 to 1991-92 were as under:

Year	Target in terms of value	Achievement in terms of value (Rupees in lakhs)	Shortfall in terms of value	Percentage of short-fall
1986-87	10.00	6.82	3.18	32
1987-88	9.00	4.70	4.30	48
1988-89	9.00	5.75	3.25	36
1989-90	9.00	5.59	3.41	38
1990-91	9.00	4.73	4.27	47
1991-92	8.49	4.72	3.77	44
	54.49	32.31	22.18	41

The percentage of shortfall in production ranged between 32 and 48 during the period from 1986-87 to 1991-92 reasons for shortfall in production were not investigated by the Board.

(ii) Year-wise position of sales of khadi cloth *vis-a-vis* the value of cloth produced by the centres/grantees and the cloth purchased by the Board outside the State and the percentage of cloth produced by the centres/grantees and that purchase from outside the State were as under :

Year	Value of cloth produced by the centres/ grantees (Rupees in lakhs)	Percentage of cloth produced by the centres/ grantees	Value of cloth purchased by the Board outside the State (Rupees in lakhs)	Percentage of cloth purchased outside the State	Total value of cloth available for sale (Rupees in lakhs)	Total sales
1986-87	6.82	26	19.21	74	26.03	28.04
1987-88	4.70	32	10.06	68	14.76	11.26
1988-89	5.75	37	9.66	63	15.41	17.14
1989-90	5.59	46	6.69	54	12.28	12.55
1990-91	4.73	33	9.81	67	14.54	14.39
1991-92	4.72	26	13.34	74	18.06	17.49
Total	32.31		68.77		101.08	100.87

The percentage of cloth purchased from outside the State for sale ranged between 54 and 74 during the period from 1986-87 to 1991-92.

(iii) *Production of yarn*

(a) Cotton (Khadi)

The year-wise analysis of working charkhas with their annual production capacity and actual production years during the 1986-87 to 1991-92 was as under:

	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
Total number of 6 spindle charkhas	375	375	400	400	400	400
Annual production capacity (in quintals)	300	300	320	320	320	320
Actual production (in quintals)	64	60	64	61	40	42
Percentage of shortfall	79	80	80	81	88	87

The Board had not investigated the reasons for under utilisation of the capacity of charkhas (November 1993).

(b) Muslin Khadi

The year-wise analysis of working charkhas with annual production capacity and actual production of Muslin yarn during the period from 1986-87 to 1991-92 was as follows:

	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
Total number of working charkhas	125	125	125	125	120	120
Total annual production capacity (in quintals)	25	25	25	25	24	24
Actual production (in quintals)	8	7	6	4	5	3
Percentage of shortfall	68	72	76	84	79	89

The Board had not investigated the reasons for under-utilisation of production capacity of charkhas (November 1993).

(c) Damaged/Idle charkhas

The Board procured 600 new model charkhas at a total cost of Rs. 12 lakhs up to the end of March 1988. Of this, 150 charkhas remained idle since 1987-88 due to management problem and non-availability of accommodation. As a result an amount of Rs. 3 lakhs spent on 150 charkhas remained blocked. Steps had not been taken to utilise these idle charkhas.

(iv) *Production of cloth*

(a) Cotton (Cora) Khadi

The table given below indicates the number of enlisted/working weavers with their annual production capacity (taking 9.90 square metres per artisan per day and taking 258 working days in a year) and actual production during 1986-87 to 1991-92:

Sl. No.	Particulars	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
1.	Number of enlisted weavers (as per weavers' ledger)	18	17	19	20	18	17
2.	Number of working weavers (as per progress report)	14	17	17	17	14	14
3.	Total annual production capacity of the working weavers (in thousand square metres)	36	43	43	43	36	36
4.	Actual production (in thousand square metres)	33	25	30	25	23	13
5.	Shortfall (in thousand square metres)	3	18	13	18	13	23
6.	Percentage of shortfall in production	8	42	30	42	36	64

The discrepancy between the two sets of figures in serial numbers 1 and 2 above had not been reconciled by the Board. The Board had also not investigated the reasons for under-utilisation of production capacity (November 1993).

(b) Muslin Khadi

The number of enlisted/working weavers along with their annual production capacity (taking 4.45 square metres an artisan per day and 258 working days in a year) and actual production of Muslin Khadi during the period from 1986-87 to 1991-92 are given below:

Sl. No.	Particulars	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
1.	Number of enlisted weavers (as per weavers ledger)	7	5	7	7	3	11
2.	Number of working weavers (as per progress report)	8	8	8	8	6	6
3.	Total annual production capacity of the working weavers (in thousand square metres)	9	9	9	9	7	7
4.	Actual production (in thousand square metres)	7	3	4	3	0.3	5
5.	Shortfall (in thousand square metres)	2	6	5	6	6.7	2
6.	Percentage of shortfall in production	22	67	56	67	96	29

The discrepancy between the two sets of figures in serial number 1 and 2 above had not been reconciled by the Board. The Board had also not investigated the reasons for under-utilisation of production capacity (November 1993).

6.2.12 *Loss due to less production of yarn*

48207 kgs of Digvijay cotton (cost Rs. 12.05 lakhs) were issued to different Spinning centres during the period from 1986-87 to 1991-92 for production of yarn against which the Board received 33226 kgs of yarn only. As per approved norms of the Commission (after allowing appropriate provision for wastage) 38575 kgs of cotton was required for production of 33226 kgs of yarn. Therefore, 9632 kgs of cotton (value Rs. 2.41 lakhs) was consumed in excess of the norms. The Board did not conduct any enquiry to ascertain the reasons for the excess consumption. As a result the Board sustained a loss of Rs. 2.41 lakhs.

6.2.13 *Loss due to excess consumption of yarn*

It was noticed that 48272 hanks of yarn (value Rs. 0.94 lakh) (Muslin 28801 hanks and Cotton Khadi 19,471 hanks) were consumed in excess of requirements at the Bagma Weaving Centre for production of 35472 square metres (Muslin 11985 square metres and Cotton Khadi 23487 square meters) of cloth during the period from 1987-88 to 1991-92. As a result the Board sustained a loss of Rs. 0.94 lakh on account of excess consumption of yarn. Checks were not exercised by the Board for utilisation of yarn as per norms. Reasons for excess consumption of yarn at the weaving centre were not found on record.

6.2.14 *Retention of yarn by defaulting weavers*

Test-check of the records of the Bagma Weaving Centre revealed that 103447 hanks of yarn were issued to eleven/enlisted weavers of the Board during the period from 1986-87 to 1989-90 for weaving cloth. Against this the Board received cloth for 57644 hanks of yarn only from the weavers till March 1990 when the weavers stopped work. The remaining 45803 hanks of yarn (Muslin 34187 hanks and Cotton Khadi 11616 hanks) were not returned by the weavers nor were these utilised for weaving the cloth. The value of unutilised yarn worked out to Rs. 0.80 lakh. The Board did not take any action to realise the unutilised yarn or value thereof from the defaulting weavers. Reasons as to why the weavers stopped weaving were also not ascertained by the Board.

6.2.15 *Unauthorised payment from Khadi Funds*

As per pattern of assistance the Commission was not liable to bear the pay and allowances of the Financial Advisor and Chief Accounts Officer (FA & CAO) of the Board and 50 *per cent* of the expenditure of the accounts and audit staff attached to him unless the post of FA & CAO of the State Board was filled up from the Indian Audit and Accounts Department (IA&AD). Scrutiny of the records, revealed that although the post of FA & CAO was not filled from the IA & AD the Board paid Rs. 4.11 lakhs on account of the pay and

allowances of the FA & CAO and 50 *per cent* of the expenditure of the accounts and audit staff attached to him for the period from 1986-87 to 1990-91 out of the Khadi Funds.

6.2.16 *Irregular payment for construction of NMC sheds*

Under Khadi programme the Board received Rs. 1.50 lakhs during the year 1990-91 from the Commission for construction of 2 (two) New Model Charkhas (NMC) Spining sheds by the Board itself. Instead, the Board paid this amount to a Kalyan Samity of Madhupur in 1991-92 as financial assistance (grants: Rs. 0.75 lakh and loans : Rs. 0.75 lakh) for construction of 2 (two) NMC Spinning sheds at Gukulnagar without the approval of the Commission. Though the Samiti stated in their application for financial assistance that they owned land worth Rs. 1 lakh at Gukulnagar for construction of two NMC Spinning sheds, it was found that the Samiti owned no land due to which sheds were not constructed by the Samity (January 1993).

Besides, the Board also issued 50 charkhas, 8 roving machines, 7 electric operated roving machines and other parts thereof valued at Rs. 1 lakh to the Samiti in December 1991. All these materials remained unutilised (December 1992) due to non-construction of the spinning sheds.

As the Samiti neither constructed the NMC Spinning sheds nor utilised the charkhas and other equipments received from the Board, the financial assistance of Rs. 2.50 lakhs proved unproductive.

The Board had, however, taken back charkhas, and machineries etc., worth Rs. 1 lakh issued in December 1991 from the Samity in June 1993.

Government, however, stated (November 1993) that the matter was under examination.

6.2.17 *Damage and shortage of goods at the sales counter and Khadi Central Store (Bastragar)*

Test-check of the records of 5 (five) sales counters and the Khadi Central Store revealed that goods worth Rs. 1.17 lakhs were damaged and goods worth Rs. 0.20 lakh were found short in stock during the period from 1986-87 to 1991-92 as detailed below:

Name of the Sales Counters and the Khadi Cental Store	Value of goods found damaged	Date on which found damaged	Value of goods found short in stock	Date of physical verification	Total Value of shortfall/damaged goods
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in lakhs)					
A. Sales Counters					
1. Khadi and Gramodyog Bhavan, Agartala	0.62	31-3-92	0.19	31-3-92	0.81
2. Khadi and Gramodyog Bhandar, Old RMS, Agartala	0.10	31-3-92	0.01	31-3-91	0.11
3. Khadi and Gramodyog Bhandar, Mohanpur	0.09	31-12-90	—	—	0.09
4. Khadi and Gramodyog Bhandar, Udaipur	0.03	31-3-92	—	—	0.03
5. Khadi and Gramodyog Bhandar, Bishalgarh	0.01	31-3-92	—	—	0.01
B. Khadi Central Store					
6. Bastragar, Jagannath Bari Road, Agartala	0.32	31-3-91	—	—	0.32
Total :	1.17		0.20		1.37

Reasons for damage and shortage of goods worth Rs. 1.37 lakhs were not intimated by the Board.

6.2.18 Embazzlement of sale proceeds

Test-check of the records of the Mohanpur Khadi and Gramodyog Bhandar (sales counter of the Board) revealed that the sales of the counter during the period from 9 January 1989 to 16 December 1992 were Rs. 0.34 lakh against which an amount of Rs. 0.29 lakh was deposited in the Bank account of the Board up to 16 December 1992. The records further disclosed that the sale proceeds for the balance amount of Rs. 0.05 lakh were neither deposited in the Bank account of the Board nor were found included in the cash balance of the sales counter. It was noticed that physical verification of cash had not been conducted at the sales counter since inception (9 January 1989). The Board, however, admitted the fact and lodged the FIR against the defaulter in December 1993.

6.2.19 *Undue retention of sale proceeds at the sales counter*

Scrutiny of the records of the Khadi and Gramodyog Bhawan, Agartala (a sales counter of the Board) revealed that, despite instructions to deposit the sales proceeds in the Bank account of the Board on the day following the sales. Sales proceeds ranging between Rs. 0.12 lakh to Rs. 0.19 lakh during the period from January 1992 to December 1992 were not deposited in the Bank account of the Board up to the end of December 1992. The amount was retained at the sales counter unauthorisedly. Reasons for retention of Rs. 0.12 lakh to Rs. 0.19 lakh at the counter were not available on record. The Executive Officer stated (January 1994) that the amounts were retained due to ignorance of the dealing assistant. He however, could not explain the reasons as to why the unauthorised retention could not be detected at supervisory level. Physical verification of cash of the sales counter had not been conducted since inception (February 1985).

6.2.20 *Variation in reports submitted to the Commission*

Verification of the Annual Progress Reports with reference to the initial records of production of cloth and yarn for the period from 1986-87 to 1991-92 revealed that information furnished by the Board to the Commission through these reports was found to be factually incorrect. The Board had reported production of 208 thousand square metres of cloth valuing Rs. 40.43 lakhs against the actual production of 171.3 thousand square metres valuing Rs. 32.31 lakhs and in the case of yarn the Board had reported production of 15.52 lakhs of hanks valuing Rs. 27.45 lakhs against the actual production of 13.50 lakhs of hanks valuing Rs. 23.77 lakhs during the period from 1986-87 to 1991-92.

6.2.21 *Development of village industries*

The main objective of the scheme was to develop village industries by extending financial assistance to rural artisans for setting up new industries, to strengthen sick and dormant industries and to generate employment opportunities among the rural areas. During the period from 1986-87 to 1991-92 the Board paid Rs. 53.02 lakhs as grants and Rs. 46.04 lakhs as loans to 3 industrial units and 6077 artisans against the receipt of Rs. 53.24 lakhs and Rs. 64.02 lakhs as

loans from the Commission. The balance funds of Rs. 18.20 lakhs (Rs. 117.26 – Rs. 99.06) had not been utilised by the Board for the purpose for which these were received due to diversion of funds from Village Industries Scheme (VIS) for payment of arrears of pay and allowances of the staff of the Board. As a result the beneficiaries were deprived of the intended benefits under the Scheme.

The Board itself runs eleven industries e.g., pottery, match works, hand-made paper, carpentry and balacksmithy, cane and bamboo, leather, bee-keeping etc., of which records of 4 (four) industries viz., pottery, match works, hand-made paper and fibre were test-checked, the results of which are incorporated in the succeeding para.

(a) *Irregular payment of financial assistance*

The Board paid financial assistance of Rs. 99.06 lakhs (grants: Rs. 53.02 lakhs and loans : Rs. 46.04 lakhs) to three industries and 6077 artisans for development of village industries during the period from 1986-87 to 1991-92. The guidelines of the scheme *inter alia* provided that the beneficiaries were, to be selected from the weaker section of the society, persons, living mostly in tribal blocks, scheduled areas and other backward areas having the annual family income not exceeding Rs. 3,500. These criteria were not kept in view by the Board while extending financial assistance. Failure to verify the genuineness of the beneficiaries and their actual residential addresses resulted in non-recovery of the loans in all the cases. On the other hand utilisation certificates for Rs. 72.13 lakhs and actual payee's receipts for Rs. 41.15 lakhs were awaited for these payment of financial assistance (March 1992). Therefore, payment of financial assistance of Rs. 99.06 lakhs during the period from 1986-87 to 1991-92 was irregular.

Moreover, while the scheme envisaged extending of financial assistance to the beneficiaries of rural areas, a test-check of the records revealed that the Board paid financial assistance of Rs. 11.94 lakhs in the urban areas during the period from 1990-91 to 1991-92. Further, the Khadi and Village Industries Schemes were to be organised preferably and as far as possible in the tribal development blocks ; whereas during the year 1991-92 the Board paid financial assistance

of Rs. 1.56 lakhs only out of Rs. 29.56 lakhs paid during the year, to 6 TD Blocks and the remaining Rs. 28 lakhs to 9 General Blocks and urban areas.

Monitoring was not undertaken by the Board to ascertain whether the beneficiaries had actually utilised the grants and loans for the purpose for which these were granted and thereby improved their economic condition.

(b) *Diversion of Funds*

As per Rules of the Tripura Khadi and Village Industries Board, the administrative expenses of the Board were to be met out of the grants received from the State Government and in no case could the Board divert Village Industries Funds received from the Commission to meet the administrative expenses without prior approval of the Commission. The records, however, revealed that the Board diverted Rs. 17.32 lakhs during the year 1989-90 from the Village Industries Fund for payment of arrear of pay and allowances of the staff of the Board without permission of the Commission thereby depriving the beneficiaries of getting the benefit of the scheme.

Government stated (November 1993) that amount of Rs. 17.32 lakhs was taken from Village Industries Funds as a temporary loan for meeting urgent needs, which was repaid to the said Fund in the year 1990-91.

(c) *Fibre Industry*

(i) A fibre unit at Teliamura was established by the Board in 1970-71 for production of fibre and imparting training for fibre industry. The unit instead of producing fibre, purchased jute yarn and produced jute mats. As a result, the industry was running into losses. During the period from 1986-87 to 1990-91 the unit had suffered a loss of Rs. 0.07 lakh.

(ii) The Board purchased a fibre machine at a cost of Rs. 0.28 lakh in 1990-91 on the basis of an application of KVIC trained entrepreneur to set up fibre industry but subsequently the entrepreneur did not turn up to receive the machine. As a result, the machine remained idle (November 1993) and the expenditure incurred on the purchase of machine proved infructuous.

6.2.22 Other topics of interest

(a) *Goods damaged at the Central Store at Badharghat*

The records of the Central Store at Badharghat revealed that goods viz., industrial equipments and raw materials worth Rs. 0.90 lakh required for departmental industries had been damaged in the store by the end of March 1991 due to prolonged storage since the years of purchase (1981-82 to 1986-87), wear and tear and non-functioning of the unit. The Board did not take any action to obtain write-off sanction of the competent authority and to dispose off the damaged goods.

(b) *Unfruitful expenditure*

The Board opened a district office at Kumarghat in 1987. The district office did not furnish any report/return in respect of the district level information to the Board although an expenditure of Rs. 4.98 lakhs was incurred by the Board during the period from 1987-88 to 1991-92 on account of the pay and allowances of the staff (Rs. 4.06 lakhs), office rent and electric charges (Rs. 0.78 lakh) and other expenditure (Rs. 0.14 lakh). Thus, the expenditure of Rs. 4.98 lakhs spent on the establishment of a district office proved unfruitful.

Government stated (November 1993) that the matter would be placed for discussion in the ensuing meeting of the Board.

(c) *Idle expenditure*

Although the internal audit wing with one Accounts Officer, one Accountant, one Auditor and one Audit Clerk had been functioning since August 1967, under the supervision of the Financial Advisor and Chief Accounts Officer no internal audit was conducted. There was nothing on records to show as to how the services of the internal audit wing were being utilised.

Government, however, stated (November 1993) that very recently audit staff of the Board were deployed on other assignments and engaged for conducting internal verification. Due to expansion of disbursement activities, the audit staff was mainly engaged in maintenance of records, serving notices, correspondence with KVIC. Considering this there was best scope for the audit staff to conduct internal audit regularly.

6.2.23 *Monitoring and evaluation*

There was inadequate monitoring of the working of the assisted industries/artisans in order to ascertain proper utilisation of assistance in development of Khadi and Village Industries. The Board did not carry out any evaluation to ascertain the impact of its activities in regard to Khadi and Village Industries and how far such activities contributed towards economic upliftment of the rural people.

6.2.24 *Overall assessment*

From the preceding paras it will be seen that the Board failed to achieve its objectives for which it was established although an expenditure of Rs. 378.24 lakhs (Rs. 118.16 lakhs for development of Khadi and Village Industries and Rs. 260.08 lakhs for administrative expenses) was incurred during the period from 1986-87 to 1991-92. The Board did not conduct any training programme nor undertake any research work for improvement in the quality and quantity of the finished products of the Board. The output of the Tripura Khadi and Village Industries Board was not up to the mark. The overall performance of the Board has not come up to the expectation.

CO-OPERATION DEPARTMENT

6.3 Lack of timely action leading to avoidable contingent liability

One Brick Kiln Industrial Co-operative Society Limited at Khowai, registered under the Tripura Co-operative Societies Act, 1974 in November 1980, started production of bricks in 1981-82. In November 1981, the Society availed of cash credit loan of Rs. 0.84 lakh and term loan of Rs. 1 lakh from the Tripura Gramin Bank against Government guarantee which would cover repayment of loan as also all interest costs, commitment charges or expenses that might from time to time become due and payable and remain unpaid to the bank.

During test-check (May 1992) of records of the Assistant Registrar of Co-operative Societies, Khowai, it was noticed that despite being aware, through Departmental Inspection Report (November 1983) and from the bank authority (November 1989), of un-satisfactory functioning of the Society with closure of its production of bricks in

1982-83. Government failed to take any effective steps on the fate of the Society till February 1990 when another inspection was ordered by the Department to examine the state of affairs of the Society.

Meanwhile, an amount of Rs. 7.22 lakhs had become overdue to the Bank towards payment of loan of Rs. 1.84 lakhs availed in November 1981 together with interest payable (up to 31 March 1991) as per terms and conditions agreed to. This position of borrowing was highlighted in Departmental Inspection Report (October 1991), suggesting liquidation of the Society. As per the guarantee deed executed, Government was liable to pay Rs. 7.22 lakhs to the bank on behalf of the Society up to 31 March 1991, which will further increase due to in-decision on the part of Government (October 1993).

Had appropriate and prompt action been taken immediately after the Society became defunct, the contingent liability of Rs. 5.38 lakhs (i.e., the interest amount payable on the loan) could have at least been avoided.

The matter was referred to Government in October 1993 ; their reply has not been received (June 1994).

AUDIT UNDER SECTION 20

LOCAL SELF GOVERNMENT DEPARTMENT

6.4 Diversion of funds

Government of Tripura, Department of Science, Technology and Environment paid Rs. 6.75 lakhs during the year 1986-87 to 9 Notified Area Authorities (NAA) in the State for rendering assistance to selected beneficiaries in constructing bio-gas plants in urban areas. On examination (June-July 1993) of the records for the period from 1985-86 to 1992-93 of the NAAs it was found that six NAAs (Khowai, Kailashahar, Udaipur, Sabroom, Kamalpur and Belonia) spent the amount of Rs. 4.50 lakhs for purposes other than the scheme, while three other NAAs (Amarpur, Sonamura and Dharmanagar) deposited the amount of Rs. 2.25 lakhs in the bank (May 1987). Not a single bio-gas plant had been constructed up to July 1993. Reasons for non-installation of plants as stated (July 1993) by the NAAs were non-

receipt of applications from beneficiaries, absence of infrastructure for implementing the scheme and non-receipt of details of the schemes.

Similarly, during the years 1988-89 and 1989-90 Rs. 5.67 lakhs (for bio-gas and smokeless chullahs) and Rs. 2.70 lakhs (for bio-gas) respectively were paid to these 9 Notified Area Authorities. On one NAA (Sabroom) spent Rs. 0.18 lakh on setting up 9 bio-gas plants in 1988-89. Four NAAs (Udaipur, Kamalpur, Sonamura and Sabroom) spent Rs. 1.79 lakhs on smokeless chullahs. Of the balance amount of Rs. 6.40 lakhs, Rs. 1.23 lakhs were lying unspent in the bank account of one NAA (Sonamura) and Rs. 5.17 lakhs were spent on purposes other than installation of bio-gas plants or non-smoke chullahs.

The matter was reported to Government in October 1993 ; reply has not been received (June 1994).

EDUCATION DEPARTMENT

TRIPURA UNIVERSITY

6.5 Overtime allowance

According to University Ordinance, no employee could be allowed to work beyond office hours for more than two hours a day or 120 hours in a year. Heads of Office/Department concerned was required to assess the number of persons and number of hours required for overtime work and obtain prior approval of the Vice-Chancellor for allocating work on overtime basis.

It was, however, noticed (November 1992) that during the period from 1988-89 to 1991-92 employees of the University worked overtime ranging from 124 hours to 1252 hours in a year. Prior approval of the Vice-Chancellor for undertaking overtime work was not obtained.

Non-observance of rules by Heads of Office/Departments concerned for undertaking overtime work resulted in avoidable expenditure of Rs. 1.35 lakhs on overtime allowance for performing overtime work exceeding 120 hours by employees in a year.

The University stated (February/May 1994) that the overtime works already performed were regularised by obtaining *expost facto* approval of the Vice-Chancellor and the Finance Committee and the limit of 120 hours was raised to 200 hours in working days as a special case.

Thus, irregular payment of overtime allowance was regularised even by relaxing the provision. The payment of overtime allowance in excess of the revised limit worked out to Rs. 0.86 lakh.

The matter was referred to the Government in August 1993 ; reply has not been received (June 1994).

6.6 Outstanding Audit notes and paragraphs

Audit notes are sent to the respective bodies and copies thereof endorsed to the Government for taking action for rectification of defects within a reasonable time. The position of Audit notes issued up to March 1993 but remaining outstanding at the end of November 1993 is indicated below:

Sl. No.	Name of bodies	Number of Audit notes outstanding	Number of paragraphs outstanding	Earliest year from which outstanding	Money Value (Rupees in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Tripura State Social Welfare Advisory Board	3	10	1982-83	2.17
2.	District Rural Development Agency	9	34	1978-79	72.61
3.	Tripura Housing Board	2	6	1984-85	12.89
4.	Tripura Tribal Areas Autonomous District Council	1	32	1981-82	65.05
5.	Agartala Municipality	5	74	1977-78	33.99
6.	Notified Area Authorities	12	142	1977-78	80.39
7.	Tripura Board of Secondary Education	2	9	1981-82	2.31
8.	Tripura Khadi and Village Industries Board	3	35	1984-85	47.40
Total :		37	342		316.81

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

7.1 General

This Chapter deals with the results of audit of

- Government Companies,
- a Statutory Corporation, and
- a Departmentally managed *quasi*-Commercial Undertaking.

Paragraph 7.2 gives a general view of the Companies, Paragraph 7.3 deals with general aspects relating to the Statutory Corporation and Paragraph 7.4 deals with the Departmentally managed *quasi*-Commercial Undertaking.

7.2 Government Companies—General view

7.2.1 There were ten Government Companies in the State as on 31 March 1993 including Tripura State Bank Limited which is under liquidation since 1970-71.

7.2.2 Appendix 6 gives the particulars of up-to-date paid-up capital, outstanding loans, amount of guarantees, working results, etc., in respect of these Government Companies. The position is summarised as under:

(a) The aggregate paid-up capital as on 31 March 1993 stood at Rs. 48.48 crores as against Rs. 41.87 crores as on 31 March 1992. The investment in Tripura State Bank Limited was Rs. 3.75 lakhs (inclusive of total of Rs. 4.48 crores).

The details of agencywise shareholding in these companies as on 31 March 1993 were as under:

Sl. No.	Particulars	Number of Companies	Amount invested			Total invested
			State Government	Central Government	Others	
(Rupees in crores)						
1.	Company wholly owned by the State Government	6	30.69	-	-	30.69

In the absence of final accounts of these companies, the productivity of the investment of Rs. 48.48 crores (State Government: Rs. 45.99 crores, Central Government : Rs. 1.96 crores and Others: Rs. 0.53 crore) could not conclusively be vouchsafed.

The position of arrears in finalisation of accounts was last brought to the notice of the Government on 3 September 1993.

7.3 Statutory Corporation—General aspects

7.3.1 As on 31 March 1993, there was one Statutory Corporation in the State viz., Tripura Road Transport Corporation.

7.3.2 The Corporation was established on 23 October 1969 under the Road Transport Corporation Act, 1950 with a view to providing economic and efficient Road Transport Service. The Corporation started functioning from 14 July 1970. Since the North East Frontier Railway covers only a small portion of the State, Road Transport is the principal means of Public Transport in the State.

As on 31 March 1993, the State Government had contributed Rs. 22.11 crores towards the capital of the Corporation. The contribution of the Government of India (Railways) towards the capital of the Corporation to the end of March 1993 was Rs. 3.64 crores. In addition to above, the State Government had paid Rs. 0.25 crore as loan to the Corporation.

The annual accounts of the Corporation have been finalised up to 1985-86. The accounts for the year 1986-87 onwards were in arrears. The delay in finalisation of the accounts was last brought to the notice of the State Government on 3 September 1993.

The accounts for the year 1985-86 disclosed a net loss of Rs. 1.70 crores. The cumulative net loss of the Corporation up to 31 March 1986 was Rs. 12.21 crores.

7.3.3 The Audit Report on the accounts of the Corporation for the year ended 31 March 1981, 31 March 1982 and 31 March 1983 as issued to the State Government on 8 December 1988, 2 February 1989 and 24 February 1989 respectively were presented before the State Legislature in January 1990. The date of presentation of the Audit Reports before the Legislature for the year ended 31 March 1984 and 31 March 1985 as issued to the State Government in

February 1990 and October 1990 respectively was 16 August 1991. The Audit Report for the year ended 31 March 1986 was issued to the State Government on 8 February 1993. The date of presentation to Legislature has not yet been intimated to this office.

7.4 Departmentally managed Government Commercial and quasi-Commercial Undertaking

The proforma accounts of the Food and Civil Supplies Department of the State Government representing the transaction of foodgrains etc., have been finalised up to 1977-78. The proforma accounts for the year 1978-79 onwards were in arrears. The delay in finalisation of accounts was last reported to the Government on 3 September 1993.

7.5 Delay in finalisation of accounts by the Government Companies

7.5.1 Highlights

—As on date (October 1993) finalisation of accounts of nine Government Companies was in arrears. As a result, Government investment of Rs. 4,844.70 lakhs in the share capital of these Companies remained outside public scrutiny.

(Paragraph 7.5.6.4)

—There was delay ranging between 1 and 28 months in adoption of accounts at the Annual General Meeting (AGM) even after receipt of comments from CAG of India. Though 27 accounts of eight companies were adopted at the AGM during the period from 1986-87 to 1992-93, only 11 annual reports relating to these accounts were presented by the State Government before the State Legislature.

(Paragraphs 7.5.6.2 & 7.5.6.3)

—Notwithstanding instructions issued by the Chief Secretary in March 1990 to heads of controlling departments to draw up plan of action with the object of wiping out arrears in finalisation of accounts by the end of March 1991, plan of action was not actually drawn up except by one company.

(Paragraph 7.5.8)

—The following weakness was generally noticed in the management of accounting functions in these companies apparently leading to accumulation of arrears in finalising the accounts.

—Absence of well-devised system of reconciliation of accounts and bank transactions, lack of control over accuracy of transactions at primary as well as at corporate level, lack of efficiency at lower level, absence of systematic inspection and supervision of work at higher level, accountability for finalisation of accounts not being enforceable in absence of specific duties and responsibilities assigned to accounts staff and middle level management, frequent changes in the senior level of general administration, absence of a separate cadre of staff for accounts work, non-induction of qualified accountants from the beginning, absence of accounting manual for guidance of staff and a well-devised training programme to acquire skill.

(Paragraphs 7.5.9, 7.5.10, 7.9.11, 7.5.12, 7.5.13)

7.5.2 *Introductory*

In terms of Sections 166 and 210(3) of the Companies Act, 1956 audited accounts of any company (including a Government Company) should be approved and adopted at the Annual General Meeting (AGM) of shareholders within six months of the closure of its financial year. As per provisions of Section 619A(3) of the Act *ibid* the State Government should cause preparation of an annual report on the working and affairs of a Government Company within three months of AGM for placing such report before the State Legislature together with the Report of Statutory Auditors and comments thereon or supplement thereto made by the Comptroller and Auditor General of India as soon as possible, after preparation of the annual report.

None of the Government Companies in the State finalised its accounts within the stipulated time and accounts of companies are in arrears for long periods.

7.5.3 *Extent of arrears*

As on date (October 1993) none of the ten Government

Companies in the State could finalise its accounts for the year 1992-93. The accounts of these companies were in arrears for various accounting periods during the years 1985-86 to 1992-93 as detailed below:

Serial Number	Name of the Company	Periods of accounts in arrears	Number of years arrear
1.	The Tripura Small Industries Corporation Limited (TSICL)	1981-82 to 1992-93	12
2.	Tripura Handloom and Handicrafts Development Corporation Limited (THHDCL)	1981-82 to 1992-93	12
3.	Tripura Tea Development Corporation Limited (TTDCL)	1982-83 to 1992-93	11
4.	Tripura Jute Mills Limited (TJML)	1985-86 to 1992-93	8
5.	Tripura Forest Development Plantation Corporation Limited (TFDPCL)	1985-86 to 1992-93	8
6.	Tripura Industrial Development Corporation Limited (TIDCL)	1987-88 to 1992-93	6
7.	Tripura Rehabilitation Plantation Corporation Limited (TRPCL)	1988-89 to 1992-93	5
8.	Tripura Horticulture Corporation Limited (THCL)	1990-91 to 1992-93	3
9.	Tripura Natural Gas Limited (TNGL)	10th July 1990 to 1992-93	
10.	Tripura State Bank Limited (under liquidation)		

7.5.4 Objective of the study

The objective of study was to examine the reasons for abnormal delay and chronic default in finalisation of accounts by the State

Government Companies. The question whether the management of these companies and the controlling agencies of the Government took effective steps to control the delay and early finalisation of arrear accounts also formed the subject matter of the study. The companies covered in this study are THHDCL, TSICL, TTDCL, TJML, TRPCL and THCL.

7.5.5 Procedure for finalisation of accounts

The companies covered in this study are involved in diverse activities such as commercial and trading activities (TSICL, THHDCL, TJML), development of plantations and horticulture (TTDCL, THCL) and socio-economic development (TRPCL). In keeping with the nature of business, the organisational structure of these companies slightly varied from company to company and compilation and consolidation of the accounts do not pass through the same stages. However, in spite of differences in the functions of these companies the general aspect relating to finalisation of accounts of these companies have common features as described below:

In the case of TJML and THCL, all the basic accounting records are maintained at the corporate office and the accounts are also compiled at the corporate office. In case of THHDCL, TSICL and TTDCL, the basic accounting records are maintained at the unit offices and the corporate office (commonly known as head office). TRPCL has divisional offices and the units. Based on the basic accounting information collected from units, divisions as well as head office, final accounts are compiled at the head office after carrying out necessary adjustments. Most of the companies have hired firms of Chartered Accountants to compile their accounts for various years due to lack of experienced staff in preparing accounts and inadequate accounts set-up. There is no system of getting the accounts thus compiled checked by Chartered Accountants working as Internal Auditors or the Company's own Internal Auditors. The annual accounts, thus, prepared are approved by the Board of Directors of the Company. The approved annual accounts are then audited by Statutory Auditors who are appointed by the Company Law Board on the advice of the CAG. As per provisions of Section 619(4) of the Companies Act, 1956 the CAG on receipt of a copy of the Audit

Reports from the Statutory Auditors, conducts a supplementary audit of the accounts of the Company on selective basis. The accounts together with the Audit Report and the comments/supplements thereto by the CAG are then placed before the AGM of shareholders for adoption. The annual accounts are treated as final only when adopted in AGM.

It has been provided in Sections 166 and 210(3) of the Companies Act, 1956 that the annual accounts of any company (including a Government Company) should be adopted at the AGM of shareholders within six months of the closure of the financial year of a company.

7.5.6 Delay in finalisation of accounts

The summarised details in connection with finalisation of accounts by the companies during the period from 1985-86 to 1992-93 are given in Annexure I. The details show that as against the prescribed period of six months for adoption of accounts at the AGM each year, the companies have delayed finalisation of their annual accounts substantially i.e., 36 months to 143 months.

7.5.6.1 Delay in completion of statutory audit

In terms of Government of India's instructions (April 1987) Statutory Auditors are expected to complete their audit within two months of the closure of accounts by companies so that supplementary audit under Section 619(4) of the Companies Act, 1956 could be completed by the CAG and the audited accounts together with the report of Statutory Auditors and comments of the CAG be placed at AGM of shareholders within the prescribed time limit of six months.

The substantial delays on the part of the Statutory Auditors for either commencement of audit or in completing the process of audit of each year ranged between 24 and 39 months in case of THHDCL, 1 and 54 months in case of TSICL, 20 and 31 months in case of TJML, 17 and 44 months in case of TTDCL, 15 and 31 months in case of TRPCL and 11 and 21 months in case of THCL as per details given in Annexure I.

The Statutory Auditors, after their appointment had to wait for long periods for approval of accounts by the Board of Directors. Even after that the accounts were not submitted to the Statutory Auditors till accounts of previous year adopted at the AGM. As

brought out in the Report (December 1992) of the Committee on Public Undertakings, the Secretary, Industries Department argued that according to the directives of the Company Law Board the accounts of a company for a particular year could not be placed before the Statutory Auditors unless its previous year's accounts were finalised. There is, however, no contravention of the provisions of the Companies Act if audit is taken up even before adoption of preceding year's accounts in AGM as the Statutory Auditors do not make their report till adoption of the previous year's accounts at the AGM.

One of the reasons advanced by Statutory Auditors for delay in completing audit was non-production of records by the Company or production of incomplete records. Statutory Auditors appointed (March 1993) in respect of TJML for the year 1983-84, reported (June 1991) to the CAG about non-production of records by the Company. They could certify the accounts only in September 1991.

The Director of Industries reported (October 1993) to Audit that discussions in a meeting held (July 1993) by him with the Chief Executives of Companies controlled by the Department of Industries had disclosed *inter alia* the following:

(i) in some cases delay in commencement of audit by Statutory Auditors occurred due to non-acceptance by them of the audit fees fixed by the Company Law Board; and

(ii) in some other cases, delay in completing the process of audit occurred due to difficulties arising in maintaining liaison with Statutory Auditors having no establishment in the State.

7.5.6.2 *Delay in adoption of accounts*

For expeditious finalisation of the accounts of companies and liquidating the accumulated arrears, the companies were expected to hold the adjourned AGM soon after receipt of comments/non-review certificate from CAG under Section 619(4) of the Companies Act, 1956. There were delays in holding AGMs. Comments of the CAG on the accounts of THHDCL on its accounts for 1978-79, 1979-80 and 1980-81 were communicated in May 1986, March 1989 and November 1991 to the management. The accounts were adopted at AGMs held in November 1986 and November 1990 and September

1993 respectively. Comments of CAG under Section 619(4) of the Act *ibid* on the accounts of TSICL for the years 1978-79, 1979-80 and 1980-81 were communicated to the management in October 1987, November 1990 and November 1992 whereas two of these were adopted at AGMs held in December 1989, January 1991, while the accounts for the year 1980-81 have not been adopted so far (October 1993). Similarly, comments/non-review certificates of the CAG on the TIDCL for the years 1980-81 and 1981-82 were communicated to the Company in September 1989 and December 1990 but the accounts were adopted at AGM held in October 1990 and January 1991 respectively.

The arrears in finalisation of accounts will continue to mount up till effective steps are taken to remove the impediments referred to above.

7.5.6.3 *Non-placement of annual reports before the Legislature*

In terms of the provisions of Section 619A(3) of the Companies Act, 1956 the State Government was to prepare within three months of the adoption of the accounts at the AGM of shareholders, an annual report on the working and affairs of the Government Company and soon thereafter cause that annual report to be placed before the State Legislature together with the audit report, the annual accounts and the comments of the CAG.

It has been ascertained from the records of the Assembly Secretariat that since 1985-86 only eight annual reports in respect of four companies (TJML, TIDCL, TFDCL and TRPCL) were placed before the Legislature. Annual reports in respect of THHDCL, TSICL, TIDCL and THCL were not placed before the Legislature, though TSICL finalised 3 accounts and the remaining companies finalised 2 accounts each during the period. Annual reports in respect of TJML for 1983-84 and TIDCL for the years from 1984-85 to 1986-87 were also not placed before State Legislature (May 1993). The Government in the Industries Department stated (December 1993) that concerned companies under the Directorate of Industries had been instructed to take prompt steps for placement before the State Legislature of the companies annual reports as well as the audited accounts so far adopted at AGM.

The Government (Agriculture Department) stated (December 1993) that arrangements for placing such reports before the Legislature in respect of THCL were being made.

7.5.6.4 *Comparative position of clearance of arrears*

A comparative position of clearance of arrears of accounts as on 31 March of each year from 1990 to 1993 is given in Annexure II.

The companies had made little progress in overtaking the arrears and in some cases the position had deteriorated further since 1990. As against 44 accounts relating to six companies remaining in arrears on 1st April 1990, 54 accounts were in arrears as on 31 March 1993. THHDCL had ten years and TSICL had eleven years of arrears in preparation of accounts in 1990. Since then while TSICL cleared two years' arrear of accounts, THHDCL cleared only one year's arrear of accounts. During the period 1990-91 to 1992-93, TFDCL and THCL cleared two years' arrear of accounts each while TJML, TIDCL, TTDCCL, TRPCL cleared only one year's arrear of accounts each.

During the period 1993-94 (up to October 1993), TJML, TRPCL and THCL cleared one year's arrear of accounts each.

In absence of final accounts, investment in share capital to the tune of Rs. 48,44.70 lakhs (State Government : Rs. 4,595.70 lakhs, Central Government : Rs. 196 lakhs and Others : Rs. 53 lakhs) and loans of Rs. 2,755.62 lakhs invested by various agencies including the State Government as on 31 March 1993 could not be scrutinised.

7.5.7 *Recommendations of Legislative Committee*

The Committee on Public Undertakings (COPU) examined in its Reports dated January 1989, August 1989, January 1990 and December 1992 the position regarding arrears in finalisation of accounts as was disclosed in various Reports of CAG of India. During examination, the controlling departments advanced the following reasons for delay:

- (a) Non-appointment of Statutory Auditors in time;
- (b) Directives of the Company Law Board prohibiting placement of annual accounts of a Company before Auditors until the preceding year's accounts have been adopted at the AGM.

The reasons advanced by the Departments were not tenable. As would be evident from Annexures I and III, appointment of Statutory Auditors were made, barring few cases, well in advance of approval of accounts by the Board of Directors as well as adoption of preceding year's accounts at AGM.

In its Report of January 1989, the Committee expressed doubts about the sincerity of intention of the management to finalise the arrear accounts and present the annual reports to the State Legislature. The Committee observed that failure of management to finalise the accounts indicated management's inefficiency to run the concerns properly. Since the non-availability of accounts and annual reports prevented the Legislature to have a clear picture of the working of companies, the Committee also questioned motives of management in delaying the accounts and the reports. The Committee recommended that the management as well as the controlling departments should be serious in finalising the accounts and placing accounts and the reports to Legislature. In its Report (December 1992) the Committee had recommended that accounts of companies should be audited within one year of closure of the financial year.

7.5.8 Steps taken by Government

In terms of Section 210 of the Companies Act, the responsibility for preparation of the annual accounts and balance sheet and laying the same before the Company at the AGM is primarily placed on the Directors unless the Directors have entrusted the duty of discharging this responsibility on other competent and reliable person. It is mandatory for the Directors or such other person as has been entrusted with the duty to lay the accounts and other required documents at every AGM held under Section 210(3) within the stipulated period or adjourned AGM held within the stipulated period including the period of extension granted by the Registrar of Companies under Section 166(1). Sub-sections (5) and (6) of Section 210 provide that in case accounts are not wilfully placed at the AGM or adjourned AGM within the stipulated period, the delinquent Directors or such other persons shall for each offence, be punishable for imprisonment which may extend to six months or with fines which may extend to one thousand rupees, or with both.

In terms of Memorandum and Articles of Association of these companies, the Government has powers to issue directives in the interest of the Company. Thus, in case of failures as happened in regard to finalisation of accounts, the Government has the required authority to prescribe specific steps and enforce them in the interest of the Company. To fulfil these obligations, the Government was expected to take concrete steps to ensure that the accounts of the companies are finalised in due time. This could have been done by the Government by setting up a high powered committee to draw up and implement time bound programme to up-date the accounts.

The matter regarding the need of finalisation of accounts of companies in time was taken up with the Chief Secretary in May 1987. Audit has been furnishing the arrear position and the list of defaulting companies at regular intervals.

In June 1987, the Chief Secretary stated that matter regarding finalisation of accounts had been discussed in the monthly meeting of Secretaries held on 1 June 1987 when the Secretaries assured that they would take steps to finalise accounts of companies under their administrative control as early as possible.

In March 1990, the Chief Secretary issued orders to all Secretaries of the concerned departments to draw up plan of action so that the arrears in finalisation of accounts were wiped out entirely by the end of 1990-91. Only one company, viz., THCL drew up a plan of action to finalise its accounts up to the year 1992-93 by the end of March 1994. No other company/department drew up any plan of action so far (May 1993).

The Chief Secretary was requested (December 1990) to convene a meeting of the Chief Executives of the State Public Sector Undertakings to sort out problems faced by the executives in pulling up arrears in accounts. The Director of Industries conveyed (July 1993) such a meeting with the Chief Executives of companies under the Industries Department wherein stress was laid on preparation of

a time-frame by each company for every state of work right from compilation to placement of accounts at AGM so that arrears in accounts were cleared within the prescribed time-schedule. He also directed the Chief Executives to submit the time-schedule so drawn to the Directorate within one month. Status reports from Statutory Auditors on monthly basis and the difficulties experienced by Statutory Auditors are reported to the management for early remedial action. The major faced by Statutory Auditors is non-receipt of records on receipts of incomplete records. The Chief Secretary was requested (July 1992) to issue directives to Executives of companies finally to submit complete records to the Auditors promptly.

With a view to liquidating the arrears quickly, the Company Law Board appointed Statutory Auditors on the advice of the CAG for several accounting years in respect of each company. The position showing the appointment of Statutory Auditors as on 31 May 1993 is given in Annexure III.

7.5.9 Absence of system of reconciliation

The companies covered in this review (THHDCL, TSICL, TJML, TTDCL, TRPCI and THCL) did not have any effective system of reconciliation of accounting transactions over the years. In most cases reconciliation was done at the time of compilation of accounts. In case of TJML, internal auditors carried out the reconciliation. Absence of monthly reconciliation of accounts transactions contributed to delay in finalisation of accounts as the reconciliation end consequent adjustment had to be carried out at the final stage at the time of compilation of accounts.

There was no regular system of bank reconciliation at TSICL and THHDCL where bank reconciliation was done at the time of compilation of accounts. Since the accounts of these two companies were in arrears since 1981-92 onwards, reconciliation of bank balance was not done thereafter. Bank reconciliation in TJML was entrusted to Chartered Accountants' firms engaged as internal auditors. So far reconciliation up to 1987-88 has been done.

Out of the six companies, THHDCL recently issued orders prescribing dates of submission of monthly accounts. TSIC and TTDCL has not so far prescribed any such date. TJML, THCL do not have units/divisions.

7.5.10 *Frequent changes in management personnel*

Management of these companies at the highest level consists of Chairman and the Managing Director. Managing Director is on deputation from Government. Only TJML has a Financial Controller-cum-Company Secretary and THHDCL has a Chief Accounts Officer appointed (April 1989) directly by the Company. In TJML there were 7 changes in incumbency of Managing Director between February 1979 and May 1993. There were also 11 changes in the incumbency of Managing Director in TTDCL between March 1981 and May 1993. In TRPCL incumbency of Managing Director changed 6 times from its inception in March 1983 to May 1993. Incumbency of Managing Director changed 7 times in THHDCL between April 1980 and May 1993.

At the middle level, there is an Accounts Officer, TJML does not have an Accounts Officer since January 1991. TRPCL and TTDC appointed an Accounts Officer in May 1990 and in October 1992 respectively. THCL has a Finance Officer since June 1987.

7.5.11 *Accounts Organisation*

Out of the six companies reviewed, only TSICL had a separate cadre of accounts staff. In other companies there was no separate cadre of accounts staff but the middle/lower level of accounting staff were part of common pool of staff catering to various administrative functions including accounts. These personnel were frequently transferred from wing to wing.

In the absence of experienced staff and supervisory officer, the companies (excepting TFDCL and THCL) entrusted the compilation of annual accounts to firms of Chartered Accountants as detailed below:

	Tripura Handloom and Handicrafts Development Corporation Limited	Tripura Samll Industries Corporation Limited	Tripura Tea Development Corporation Limited	Tripura Jute Mills Limited	Tripura Rehabilitation Plantation Corporation Limited
(a) Dates of appointments	July 1985 and 1990	6 November 1992	Between August 1984 and March 1990	April 1986 and July 1992	September 1986
(b) Specific work	Compilation of accounts with schedules	Annual accounts and quantiture details	Internal audit and compilation of accounts	Internal audit and compilation of accounts	Compilation of accounts
(c) Year of accounts to be compiled	1981-82 to 1988-89	1982-83 to 1984-85	1983-84 to 1992-93	1981-82 to 1991-92	1984-85 and 1985-86
(d) Fees (Rupees in lakhs)	1.70	0.76	1.26	1.27	0.09
(e) Compilation of work (as on 31 March 1993)	Completed	Not done	Compilation up to 1988-89 done	Compiled accounts up to 1984-85	Compiled accounts up to 1987-88

7.5.12 Training

All companies stated that accounts section was not properly manned with qualified and experienced staff. To cope up with the situation the management was expected to evolve an appropriate system of upgrading skill of accounts staff through training and orientation on a sustained basis. Such a system has not been evolve so far (October 1993). This has substantially contributed to weakness in management of accounts work.

7.5.13 Accounts Manual

Accounts manual containing guidelines and instructions for maintenance and preparation of accounts has been prepared by only one company (TSICL). None of the other companies initiated any action for preparation of the manual.

ANNEXURE I

(Reference : Paragraph 7.5.6)

Statement showing delay in finalisation of accounts dates of

Name of the Company	Year of accounts	Appointment of Auditor	Approval of Accounts by Board	Audit Report	Adoption in AGM	Presentation to Legislature
1. Tripura Handloom and Handicrafts Development Corporation Limited	1978-79	February 1983	September 1984	January 1986	November 1986	Not done
	1979-80	September 1986	July 1986	March 1988	November 1990	Not done
	1980-81	March 1987	October 1990	July 1991	September 1993	Not done
2. Tripura Small Industries Development Corporation Limited	1978-79	March 1985	July 1983	March 1986	December 1989	Not done
	1979-80	May 1985	July 1983	October 1990	January 1991	Not done
	1980-81	February 1988	April 1991	June 1992	Not done	Not done
3. Tripura Jute Mills Limited	1981-82	May 1983	May 1986	September 1986	September 1988	January 1990
	1982-83	January 1985	December 1987	May 1989	May 1990	March 1992
	1983-84	March 1986	April 1990	September 1991	November 1992	Not done
4. Tripura Tea Development Corporation Limited	9 August 1980 to 31 March 1991	August 1985	August 1985	May 1989	October 1990	Not done
	1981-82	August 1985	August 1985	November 1990	January 1991	Not done
	1984-85	June 1987	April 1987	August 1988	January 1989	Not done
5. Tripura Rehabilitation Plantation Corporation Limited	1985-86	June 1987	July 1990*	July 1990	September 1990	Not done
	1986-87	February 1989	August 1991	November 1991	September 1992	May 1993
	1987-88	April 1992	September 1992	May 1993	Not done	Not done
6. Tripura Horticulture Corporation Limited	1987-88	March 1989	June 1989	January and September 1990	December 1991	Not done
	1988-89	May 1991	June 1991	September 1991	October 1992	Not done
	1989-90	April 1992	July 1993	July 1993	Not done	Not done

*Incorporated on 10 July 1990.

ANNEXURE II

Statement showing clearance of accounts during 1989-90 to 1992-93

Name of Company	1989-90				1990-91				1991-92				1992-93			
	Opening balance	Due	Cleared	Closing balance	Opening balance	Due	Cleared	Closing balance	Opening balance	Due	Cleared	Closing balance	Opening balance	Due	Cleared	Closing balance
1. Tripura Handloom and Handicrafts Development Corporation Ltd.	9	1	-	10	10	1	-	11	11	1	1	11	11	1	-	12
2. Tripura Small Industries Corporation Ltd.	10	1	-	11	11	1	1	11	11	1	-	12	12	1	1	12
3. Tripura Jute Mills Ltd.	7	1	1	7	7	1	-	8	8	1	1	8	8	1	-	9
4. Tripura Tea Corporation Limited	9	1	1	9	9	1	1	9	9	1	-	10	10	1	-	11
5. Tripura Rehabilitation Plantation Corporation Ltd.	4	1	1	4	4	1	-	5	5	1	1	5	5	1	-	6
6. Tripura Horticulture Corporation Ltd.	2	1	-	3	3	1	1	3	3	1	1	3	3	1	-	4
	41	6	3	44	44	6	3	47	47	6	4	49	49	6	1	54

ANNEXURE III

Statement showing position regarding appointment of Auditors in respect of accounts in arrears

Name of Company	Year up to which audited	Year from which audit in arrears	Year for which appointment made by CLB	Date of appointment
1. Tripura Handloom and Handicrafts Development Corporation Ltd.	1980-81	1981-82	1981-82	26 March 1987
			1982-83	26 February 1983
2. Tripura Small Indus- tries Corporation Ltd.	1980-81	1981-82	1981-82	29 February 1983
			1882-83	13 April 1993
3. Tripura Jute Mills Ltd. 1983-84	1983-84	1984-85	1984-85	10 June 1993
			1985-86	13 June 1993
			1986-87	7 July 1993
			1987-88	7 July 1993
			1988-89	7 July 1993
4. Tripura Tea Develop- ment Corporation Ltd.	1981-82	1982-83	1982-83	8 May 1991
			1983-84	13 May 1993
			1984-85	13 May 1993
			1985-86	13 May 1993
			1986-87	26 May 1993
			1987-88	26 May 1993
			1988-89	26 May 1993
5. Tripura Rehabilitation Plantation Corporation Ltd.	1986-87	1987-88	1987-88	7 April 1992
			1988-89	7 April 1992
			1989-90	27 May 1993
			1990-91	27 May 1993
6. Tripura Horticulture Corporation Ltd.	1988-89	1989-90	1989-90	7 April 1992
			1990-91	31 March 1993
			1991-92	31 March 1993
			1992-93	31 March 1993

INDUSTRIES DEPARTMENT

7.6 Tripura Handloom and Handicrafts Development Corporation Limited

7.6.1 *Introduction*

The Planning Commission approved (22 March 1994) the scheme for the formation of a Handloom and Handicrafts Development Corporation by the State Government under the 'Half-a-Million Jobs Programme'. Tripura Handloom and Handicrafts Development Corporation Limited was incorporated on 5 September 1974 with a view to removing the poverty and unemployment of weavers and artisans in the State and strengthening their economic base.

7.6.2 *Objects*

The main objects of the Company are to organise handloom and handicraft industries of the State on commercial footing and to expend their market thereby creating employment opportunities for the weavers and the artisans and giving them higher wages and better conditions of living.

7.6.3 *Activities*

The main activities of the Company were:

- (i) purchase of handloom and handicraft products from weavers and artisans and sale of these products through its own sales emporia called "Purbasa";
- (ii) purchase of yarn and sale thereof to enlisted weavers;
- (iii) purchase and sale of Janata clothes;
- (iv) implementation of the State Government scheme "Pachra Production Programme";
- (v) production and sale of polyester fabrics; and
- (vi) setting up of a mechanise dye-cum-process house.

7.6.4 *Organisational set-up*

The affairs of the Company are managed by a Board of Directors, which, as on 31 March 1992, consisted of nine Directors including the Chairman and the Managing Director, of whom eight were appointed by the State Government and one was nominated by the

Development Commissioner of Handlooms, Government of India. The Managing Director is the Chief Executive of the Company and is assisted by the Chief Accounts Officer, the Marketing Officer and two Development Officers one for handlooms and the other for handicrafts.

As on 31 March 1992, the Company had two branch offices at Dharmanagar in the North Tripura District and Shantirbazar in the South Tripura District and 27 sales counters 16 within the State and 11 outside the State.

7.6.5 *Scope of audit*

The working of the Company during the last three years ending 1991-92 was reviewed in Audit during the period from September to November 1992 and the points noticed are discussed in the succeeding paragraphs.

7.6.6 *Highlights*

—The Company was incorporated in September 1974 with the object of organising the handloom and handicraft industries in the State and expanding their markets and creating employment opportunities for the weavers and artisans. The Company has been incurring losses since inception and the accumulated loss of Rs. 108.81 lakhs (provisional) at the end of 31 March 1992 represented 51.45 per cent of the paid-up capital of Rs. 211.48 lakhs.

(Paragraph 7.6.7)

—The Company deals mainly in procurement and sales of handicraft products, Janata cloth and yarn. The percentage of shortfall in achieving the targets of purchases increased from 7 per cent in 1989-90 to 9.84 per cent in 1990-91 and 26.95 per cent in 1991-92. Similarly, the percentage of shortfall in achieving the sales targets rose.

(Paragraphs 7.6.8, 7.6.8.1 and 7.6.8.2)

—The State Government paid (September 1987 to July 1989) Rs. 49.07 lakhs for setting up a yarn bank. No yarn bank has

been set up by the Company (July 1993). The funds released by the State Government were diverted by the Company for the other purposes thereby defeating the main objects of supply of yarn to weavers at reasonable rates.

(Paragraph 7.6.9)

—Plants and machinery costing Rs. 55.23 lakhs installed (September 1987 to July 1988) for bleaching, dyeing and processing of cloth were not commissioned due to defects in various components. The dye-cum-process house stopped functioning since September 1991. The capacity utilisation of the dye-cum-process house during the period from 1989-90, 1990-91 and 1991-92 was 8.57, 4.94 and 0.68 *per cent* respectively.

(Paragraph 7.6.15.7)

—As per information collected by management (February-June 1992), the Company held old and damaged products valued at Rs. 107.11 lakhs (handloom products: Rs. 98.43 lakhs, handicraft products: Rs. 5.79 lakhs, yarn: Rs. 1.76 lakhs, looms and accessories: Rs. 0.93 lakh and Janata cloth: Rs. 0.20 lakh) at its central store, branch offices and sales emporia. Of these, goods valued at Rs. 8.43 lakhs were fully damaged.

(Paragraph 7.6.16.1)

7.6.7 *Funding*

7.6.7.1 *Capital structure*

The Company was incorporated with an authorised capital of Rs. 50 lakhs which was increased to Rs. 75 lakhs (February 1980), Rs. 100 lakhs (September 1984), Rs. 200 lakhs (July 1986) and finally to Rs. 500 lakhs (November 1990).

The mandatory approval of the Governor for increasing the authorised capital of the Company was not obtained in the last three cases.

The paid-up capital of the Company as on 31 March 1992 was Rs. 211.48 lakhs (State Government: Rs. 205.48 lakhs, Central

Government: Rs. 3 lakhs and Tripura Tribal Areas Autonomous District Council: Rs. 3 lakhs). In addition, the Company received advances towards share capital aggregating Rs. 20.00 lakhs from the State Government up to March 1992 against which allotment of shares was not done (October 1992).

7.6.7.2 *Borrowings*

The Company did not maintain consolidated records showing funds borrowed from various sources. It has been ascertained from various paper made available to Audit that the Company received up to the end of March 1992, loans aggregating Rs. 241.11 lakhs from the Government of India through the State Government for implementing various Centrally sponsored schemes. In the absence of detailed records principal repayable, interest as well as penal interest payable so far (October 1992) could not be checked in Audit. The Company did not repay either principal or interest (July 1993).

7.6.7.3 *Cash credit*

The Company made (October 1990) a cash credit arrangement with Tripura State Co-operative Bank Limited, Agartala up to a limit of Rs. 25 lakhs against a State Government guarantee which was subsequently enhanced (August 1991) to Rs. 40 lakhs against renewed (October 1991) State Government guarantee. As on 31 March 1992, Rs. 34.99 lakhs (Rs. 30.23 lakhs principal and Rs. 4.76 lakhs interest) were outstanding against the cash credit limit.

7.6.7.4 *Financial position and working results*

The Company's accounts have been finalised only up to 1980-81. Therefore, the working results of the Company for the year 1981-82 and onwards could not be vouched in Audit. However, as per provisional accounts compiled by the Company it sustained a net accumulated loss of Rs. 108.81 lakhs at the end of March 1992.

7.6.7.4 (a) *Financial position*

The table below summarises the financial position of the

Company for the last four years up to 1991-92 on the basis of the provisional accounts compiled by it:

	1988-89	1989-90	1990-91	1991-92
	(Rupees in lakhs)			
A. Liabilities				
(a) Paid-up capital (including advances)	134.44	151.44	213.48	231.48
(b) Reserves and surplus	64.41	70.41	90.41	95.00
(c) Borrowings, current liabilities including provisions	360.63	377.53	377.53	377.53
(d) Trade dues, current liabilities including provisions	49.82	72.39	74.74	156.81
Total A	609.30	671.77	756.16	860.82
B. Assets				
(a) Gross block	185.12	203.57	204.01	205.43
(b) Depreciation	35.71	35.71	42.66	48.78
(c) Net fixed assets	149.41	167.86	161.35	156.65
(d) Capital Work-in -Progress	5.27	-	-	-
(e) Current assets including loans and advances	389.53	387.61	483.66	595.36
(f) Miscellaneous expenditure (losses)	65.09	116.30	111.15	108.81
Total B	609.30	671.77	756.16	860.82
C. Capital employed*	489.12	483.08	570.27	595.20
D. Capital Invested**	495.07	528.97	591.01	609.01

* Capital employed represents net fixed assets (excluding capital work-in-progress) plus working capital.

** Capital invested represents paid-up capital plus long term loans plus free reserves.

sponsored Janata cloth scheme in the State since September 1977 under which it purchases Janata cloth from weavers and entrusted weavers' Co-operative societies and contracts it through its own outlets and the public distribution system. With a view to making yarn available to weavers at reasonable prices, the Company procures yarn and supplies it to the weavers.

A. Procurement

The targets of purchase of various handloom and handicraft products as well as the achievements thereagainst during the last three years up to 1991-92 are given below:

Particulars	Targets	Achievements	Excess (+) Shortfall (-)	Percentage of shortfall to targets
(1)	(2)	(3)	(4)	(5)
(Rupees in lakhs)				
1989-90				
Handloom	70.00	72.98	(+) 2.98	-
Handicrafts	25.00	23.34	(-) 1.66	6.64
Janata cloth	170.00	149.44	(-) 20.56	12.09
Yarn	45.00	42.53	(-) 2.47	5.49
	<u>310.00</u>	<u>288.29</u>	<u>(-) 21.71</u>	<u>7.00</u>
1990-91				
Handloom	131.20	114.61	(-) 16.59	12.64
Handicrafts	36.85	30.38	(-) 6.47	17.56
Janata cloth	174.25	164.18	(-) 10.07	5.78
Yarn	58.50	52.25	(-) 6.25	10.68
	<u>400.80</u>	<u>361.42</u>	<u>(-) 39.38</u>	<u>9.84</u>
1991-92				
Handloom	170.00	144.09	(-) 25.91	15.24
Handicrafts	50.00	36.38	(-) 13.62	27.24
Janata cloth	180.00	175.52	(-) 4.48	2.49
Yarn	150.00	45.80	(-) 104.20	69.47
	<u>550.00</u>	<u>401.79</u>	<u>(-) 148.21</u>	<u>26.95</u>

The Company failed to achieve the targets of purchases in each of the last three years up to 1991-92. The overall percentage of shortfall increased from 7 in 1989-90 to 9.84 in 1990-91 and 26.75 in 1991-92.

The Government stated (October 1993) that yearly targets for procurement and sale were fixed on a higher side, as a matter of policy for increasing the turnover of the Company.

B. Sales

The table given below discloses the targets and achievements of sales during the last three years ending 1991-92.

Particulars	Targets	Achievements	Excess (+) Shortfall (-)	Percentage of shortfall to targets
(1)	(2)	(3)	(4)	(5)
(Rupees in lakhs)				
1989-90				
Handloom	125.00	113.90	(-) 11.10	8.88
Handicrafts	25.00	18.46	(-) 6.54	26.16
Janata cloth	185.00	225.14	(+) 40.14	-
Yarn	64.00	66.98	(+) 2.98	-
	399.00	424.48	(+) 25.48	-
1990-91				
Handloom	168.00	138.03	(-) 29.97	17.84
Handicrafts	48.00	34.53	(-) 13.40	28.06
Janata cloth	184.50	172.40	(-) 12.10	6.56
Yarn	99.20	95.00	(-) 4.20	4.23
	499.70	439.96	(-) 59.74	11.96
1991-92				
Handloom	205.00	197.46	(-) 7.54	3.68
Handicrafts	60.00	50.61	(-) 9.39	15.65
Janata cloth	215.00	191.25	(-) 23.75	11.05
Yarn	175.00	49.75	(-) 125.25	71.57
	655.00	489.07	(-) 165.93	25.33

The overall percentage of shortfall in achieving sales targets rose from 11.96 in 1990-91 to 25.33 in 1991-92. According to the Government (October 1993) targets were kept on higher side for increasing the total outturn of the Company.

Mention was made in Paragraph 7.4.13 of the Report of the Comptroller and Auditor General of India for the year 1982-83 about implementation of the Centrally sponsored "Export-oriented-cum-Intensive development project on Handloom Industry" since November 1976 at an estimated cost of Rs. 44.04 lakhs (revised). The seven-year-bound extended project (1976-77 to 1982-83) was to be self-sufficient on expiry of the period and was expected to undertake production of exportable varieties of handloom fabrics of cotton and silk fibres for which intensive development of handloom industry by way of modernisation of looms, improvement of pre-weaving, finishing and quality control facilities, introduction of improved designing was provided for in the project report. The project report provided for margin money for working capital to the extent of Rs. 50 lakhs of which Rs. 36 lakhs was to be raised from banks as loans.

The Company received the Central assistance of Rs. 44.04 lakhs (75 per cent as loans and 25 per cent as grants) during the period from 1976-77 to 1984-85. The Company did not raise any loan from banks as working capital.

As per the latest reports submitted (August 1986) to the Government of India the Company spent during 1976-77 to 1985-86 Rs. 120.56 lakhs (buildings: Rs. 9.79 lakhs, furniture: Rs. 0.12 lakh, pre-weaving, finishing, quality control: Rs. 2.14 lakhs, modernisation of looms: Rs. 6.17 lakhs, training to weavers: Rs. 3.46 lakhs, project administration: Rs. 5.59 lakhs and margin money for working capital and finished goods: Rs. 93.29 lakhs). Despite reminders from the Development Commissioner of Handloom, the Company failed to furnish adequate reports/returns regarding physical achievements made under the project. In absence thereof, progress made in the development of handloom industry in the State could not be assessed.

The Company did not, however, have direct export sale or production of exportable handloom products during the last several years.

The Government stated (October 1993) that although a lot of improvements were made on handloom production, export thereof could not be made since the level of production had not reached to that magnitude.

7.6.8.3 *Performance of Emporia*

As on 31 March 1992, the Company had 27 emporia functioning in various places in Tripura (16), West Bengal (5), Assam (5) and New Delhi (1). During the period January 1989 to 1990, the Company opened and subsequently closed down three emporia at Sekherkote, Konaban and Jolaibari in the State. Prior to 1991-92, the Company did not fix sales targets in respect of individual emporia. Due to inadequate public demand, the emporia in the State, excluding the emporia at the head office complex, sold negligible quantity of handicraft products.

Scrutiny of records relating to sales performance of emporia during the period 1989-90 to 1991-92 disclosed that out of 27 emporia, 10 emporia had an upward trend of turnover in handicraft products year after year, 2 emporia had increased turnover over 1990-91 while 12 had decreased turnover in 1991-92 compared to that in 1990-91 and 3 emporia did not sell handicraft products at all. Further, out of these 27 emporia, 15 showed upward trend of turnover of handloom products year after year whereas the remaining 12 showed a reverse trend in 1991-92 as per the details given below:

Sl. No.	Name of emporia	1989-90			1990-91			1991-92		
		Hand-loom	Handi-crafts	Total	Hand-loom	Handi-crafts	Total	Hand-loom	Handi-crafts	Total
(Rupees in lakhs)										
1.	Purbasha, Head Office Complex, Tripura	10.72	6.30	17.02	11.27	6.35	17.62	9.29	6.53	15.82
2.	Purbasha, Melaghar, Tripura	0.89	Nil	0.89	2.33	Nil	2.33	2.19	Nil	2.19
3.	Purbasha, Ambassa, Tripura	1.50	0.03	1.53	2.29	0.07	3.36	1.82	0.05	1.87
4.	Purbasha, Karimganj, Assam	3.05	0.05	3.10	4.66	0.15	4.81	4.27	0.08	4.35
5.	Purbasha, Badarpur, Assam	2.24	0.19	2.43	3.59	0.18	3.77	3.11	0.23	3.34
6.	Purbasha, Club Road, Silchar, Assam	4.56	0.70	5.26	5.25	0.87	6.12	4.25	0.59	4.84
7.	Purbasha, Rangirkhari, Silchar, Assam	1.82	0.09	1.91	2.52	0.06	2.58	1.91	0.02	1.93
8.	Purbasha, Maniktala, Calcutta, West Bengal	0.77	0.55	1.32	0.79	0.72	1.51	0.66	0.69	1.35
9.	Purbasha, Chowringhee, Calcutta, West Bengal	0.64	0.81	1.45	0.74	0.73	1.47	0.32	2.04	2.36
10.	Purbasha, Dhakuria, West Bengal	0.41	0.58	0.99	1.34	4.14	5.48	1.15	6.18	7.33
11.	Purbasha, Behala, Calcutta, West Bengal	0.79	0.23	1.02	1.19	0.60	1.79	1.04	0.44	1.48
12.	Purbasha, Haldia, West Bengal	1.34	0.20	1.54	1.17	0.08	1.25	0.69	0.39	1.08

The overall performance of 2 emporia improved in 1991-92 while that of the remaining 10 deteriorated in 1991-92 compared to the earlier year. Reasons for decline in sales were not analysed by the Company.

It was also seen that emporia effected substantial portion of sales during rebate/special rebate/discount periods as would be evident from details given below:

Year	Number of rebate days	Handloom sales		Handicrafts sales		Percentage of rebate period sales to total sales	
		Total	In rebate period	Total	In rebate period	Handloom	Handicrafts
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(Rupees in lakhs)							
1989-90	96	113.90	78.58	18.46	13.73	70	74
1990-91	97	138.03	85.73	34.53	20.88	62	60
1991-92	115	197.46	96.43	50.60	25.50	49	50

Though there was a decreasing trend over the years, the Company had to depend substantially on its rebate period sales.

The Government stated (October 1993) that in order to discharge the commercial as well as social responsibilities laid on the Company, a few counters had to be allowed to run with expectation of better performance in future. The Government, did not, however, attribute reasons for poor performance of various emporia during the period.

7.6.8.4 Reciprocal purchase-cum-sales arrangements

The Company executed (January 1990) contracts with M/s West Bengal State Handloom Weavers Co-operative Society Limited (Tantuja) and M/s West Bengal handloom and Powerloom Development Corporation Limited (Tantushree) for reciprocal purchase-cum-sales of handloom products. As per bills as well as consignments received/raised during the period from February 1991 to March 1993, the Company received goods valued at Rs. 13.49 lakhs and Rs. 6.66 lakhs from Tantuja and Tantushree respectively and despatched goods valued at Rs. 8.04 lakhs and Rs. 7.62 lakhs respectively to them. Progress of sales has not been reviewed by the

management. Payments of Rs. 5.45 lakhs to Tantuja and receipt of Rs. 0.96 lakh from Tantushree are awaited (July 1993).

7.6.9 Scheme for setting up a yarn bank

With a view to removing the hardship experienced by the commercial weavers in the State due to remoteness of the State from the nearest yarn market at Calcutta, the Company formulated (July 1987) a scheme for setting up a yarn bank with the objective of supplying yarn at reasonable prices to the weavers throughout the year. The scheme provided for a capital outlay of Rs. 13.80 lakhs for acquisition of fixed assets such as building, electrical installations, etc., and a working capital of Rs. 75.42 lakhs per quarter for operating the bank. The scheme provided for appointment of 16 employees including a manager. In April 1989, the Department of Handloom, Handicrafts and Sericulture of the State Government instructed the Company to set up three godowns of yarn at Dharmanagar, Udaipur, and Agartala instead of a single godown at Agartala as envisaged in the scheme.

During the period from September 1987 to July 1989, the State Government released Rs. 49.07 lakhs (capital expenditure: Rs. 13.80 lakhs and working capital: Rs. 35.27 lakhs) for implementing the scheme.

The Company has not set up the yarn bank so far (November 1992). The fund released by the State Government was diverted by the Company for carrying out its normal yarn trade. Thus the main object of supplying yarn at reasonable rate to the weavers was defeated.

The Government stated (October 1993) that funds received for setting up yarn bank were utilised for purchasing and storing yarn; however sufficient stock of yarn could not be maintained during the last three years due to non-receipt of subsidy on Janata cloth from the Government of India. Government further stated that capital expenditure of Rs. 13.80 lakhs was made for extension of storage facilities in existing buildings located at Dharmanagar, Agartala and Shantirbazar. However, records in supports thereof could not be produced to Audit (November 1993).

7.6.10 *Setting up of two raw material depots*

The Development Commissioner (Handicrafts), Government of India sanctioned (February 1985) Rs. 1.75 lakhs to the Company to set up two raw material depots in the State for cane and bamboo crafts. The raw material depots have not yet (November 1992) been set up by the Company in spite of lapse of more than 7 years. Utilisation certificate in respect of the fund received was also not furnished to the Government of India.

The Government, however, stated (October 1993) that depots were set up at Agartala and the utilisation certificate was furnished to the Government of India. No records in support of the Government reply could be produced even on subsequent Audit Query.

7.6.11 *Participation in exhibition*

The Company participated 6, 4 and 9 exhibitions/expos/fairs in 1989-90, 1990-91 and 1991-92 respectively. Of these, 10 exhibitions/expos/fairs were held outside the State—3 in 1989-90, 2 in 1990-91 and 5 in 1991-92. Expenditure incurred in participating in these exhibitions was reimbursable either from the Government of India or the State Government. Accounts of 7 exhibitions held outside the State from 1989-90 have not been received so far (July 1993). Consequently, claims for reimbursement of expenses for these exhibitions were not preferred.

Separate accounts of exhibitions held within the State were also not prepared. Sale proceeds in such exhibitions were merged with the sale proceeds of emporia which participated in such exhibitions. As a result, performance of the Company in such exhibitions could not be ascertained in Audit.

The Government stated (October 1993) that accounts relating to all exhibitions/expos/fairs had been received from the Officers concerned and expenditure incurred therefor had also been reimbursed by the concerned departments. Government added that one exhibition under the Centrally sponsored scheme "Quality Production and

Marketing of Handloom Products” was organised (November 1991) at Chandigarh. On recheck (August and November 1993) of records, it was observed that the exhibition held at Chandigarh was for handicraft products only and detailed accounts in respect of exhibitions held during 1989-90 to 1991-92 had not been received.

Development Commissioner (Handloom) released (March 1991) *inter alia* Rs 3.00 lakhs for organising three exhibitions under the Centrally sponsored scheme “Quality Production and Marketing of Handloom Products”. No exhibition as per the scheme has so far (July 1993) been organised by the Company.

7.6.12 Outstanding recovery from weavers and artisans

The Company had the system of supplying yarn to weavers and raw materials to artisans enlisted with it on credit without obtaining any security from them. The finished products produced by the weavers and artisans were purchased by the Company and the cost of the yarns and raw materials supplied were adjusted against the price of finished goods. The Company, however, did not have any system to ensure that goods produced by these weavers and artisans were supplied only to the Company. In absence of such a system of check, the possibility of middlemen’s paying higher prices and making immediate payments to purchase finished products from the enlisted weavers and artisans cannot be ruled out.

The table below gives the position of outstanding recovery from weavers and artisans at the end of the last four years up to 1991-92:

Year ending 31 March	Number of weavers and artisans	Amount
(1)	(2)	(3)
		(Rupees in lakhs)
1988-89	765	12.03
1989-90	915	17.38
1990-91	755	7.72
1991-92	792	14.80

The detailed position showing the supply of yarn and raw materials on credit, adjustment/purchases made and closing balances during the last three years up to 1991-92 is given below:

Year	Opening balance			Supplies made	Adjustments/ Purchases	Closing balance		
	Debit	Credit	Net			Debit	Credit	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(Rupees in lakhs)								
1989-90	12.06	0.03	12.03	15.36	10.01	17.46	0.08	17.38
1990-91	17.46	0.08	17.38	42.66	52.32	14.78	7.06	7.72
1991-92	14.78	7.06	7.72	28.92	21.84	15.32	0.52	14.80

While appraising the Board of Directors of the position regarding recovery of outstanding dues from the weavers and artisans, the management stated (June 1993) that most of the defaulting weavers and artisans had stopped supplying products to the Company and only 258 of them continued coming to the Company with their products. As a result, effecting recovery of the outstanding dues from the defaulters had proved difficult. The management further stated that in view of the huge amount of dues remaining unrecovered the Company had stopped supply of yarn and raw materials on credit to the weavers and artisans since 1991.

While admitting the fact, the Government stated (October 1993) that action in accordance with the Board's decision had already been initiated against the defaulting weavers.

7.6.13 *Inventory control*

The following table indicates the comparative position of inventory of Handloom, Handicrafts, Janata cloth and other products at the Company's central store and different emporia for the last three years up to 1991-92:

Particulars

	1989-90			1990-91			1991-92		
	Sales	Closing stock	Closing stock in terms of month's sales	Sales	Closing stock	Closing stock in terms of month's sales	Sales	Closing stock	Closing stock in terms of month's sales
	(Rupees in lakhs)								
Handloom	113.90	77.78	8.20	138.03	87.48	7.61	197.46	98.01	5.95
Handicrafts	18.46	19.81	12.86	34.53	27.06	9.40	50.61	33.39	7.91
Janata cloth	225.14	5.75	0.31	172.40	11.71	0.81	191.25	35.39	2.22
Others	80.90	33.45	4.96	141.04	34.41	2.93	82.57	24.04	3.49
	<u>438.40</u>	<u>136.79</u>	<u>3.74</u>	<u>486.00</u>	<u>160.66</u>	<u>3.97</u>	<u>521.89</u>	<u>190.83</u>	<u>4.39</u>

The following points were noticed in Audit:

(a) The Company has not compiled a stores manual laying down the various stores procedures so far (July 1993).

(b) The minimum, maximum and reordering levels of stocks of stores were not fixed by management.

(c) One of the reasons for huge closing stock was accumulation of old and damaged stock over the years.

(d) Closing stock of the Janata cloth and others was too low during these years.

7.6.14 *Shortage of stores*

As per the physical verification reports (September 1991 and 1992) of stores conducted by management, shortage of stores valued at Rs. 4.06 lakhs (1990-91: Rs 2.66 lakhs and 1991-92: Rs 1.40 lakhs) was detected in various emporia and the central store of the Company. Management fixed responsibility for the shortages and effected recovery from employees concerned to the extent of Rs. 0.55 lakh (1990-91: Rs. 0.18 lakh and 1991-92: Rs. 0.37 lakh) and the balance of Rs. 3.51 lakhs remained to be effected (August 1993).

A test-check of the stock registers of handloom products for the years 1988-89 and 1989-90 maintained at the central store, Agartala disclosed shortage of polyester fabrics valued at Rs. 1.12 lakhs as detailed below. No action was taken by the management to recover the amount.

(i) As per the stock registers for 1988-89 and 1989-90, total receipt of polyester shirting (Rs. 29 per metre) was 22294.55 metres. The opening balance as on 1 April 1988 as per the physical verification report was 325.05 metres. Out of the total quantity of 22619.60 metres total issues were 22191.60 metres and the closing stock worked out to 428 metres valued at Rs. 0.12 lakh. But in the physical stock taking the balance was found nil.

(ii) Similarly, total quantity of polyester shirting (Rs. 33.00 per metre) received during 1988-89 and 1989-90 was 175145.35 metres.

Out of the total quantity of 75228.90 metres (including the opening balance of 83.55 metres), total issues were 66064.55 metres as recorded in the registers. As against closing balance of 9164.35 metres as worked out above, the physical verification report recorded a ground balance of 6143.35 metres. The shortage worked out to 3020.80 metres valued at Rs. 1 lakh.

7.6.15 Mechanised dye-cum-process house

7.6.15.1 Introduction

On the basis of the techno-economic feasibility report prepared (June 1981) by M/s North Eastern Industrial and Technical Consultance Organisation Limited, Guwahati (NEITCO) the Government of India approved (December 1981) establishment of a mechanised dye-cum-process house at Dewanpassa, 4 kilometres from Dharmanagar in the North Tripura District.

7.6.15.2 Object

The object of the project was to provide modern facilities for bleaching and dyeing of yarn as well as bleaching, dyeing, printing and processing of cloth to weavers as no such modern facilities existed in the State. As per the original project report (June 1981) there were 118324 looms in the State (commercial loom: 9663 and non-commercial looms: 108661) of which 85,441 (commercial looms: 4695 and non-commercial looms: 80746) were in operation. The annual production of cloth on these was assessed as 3.01 crore square metres for which requirement of dyed yarn was estimated at 10784 bales annually.

7.6.15.3 Project cost and project financing

The project cost of the mechanised dye-cum-process house was estimated at Rs. 107.13 lakhs which was revised (June 1984) to Rs. 160 lakhs and then again (March 1987) to Rs. 240 lakhs. The original and the revised project costs and the actual expenditure (provisional) are given below:

Particulars	Period			
	Original	First revision	Final revision	Actual expenditure
(1)	(2)	(3)	(4)	(5)
	(Rupees in lakhs)			
i. Land and site development	0.25	0.50	0.50	3.22
ii. Building and civil construction	17.70	42.53	64.00	57.88
iii. Plant, machinery and electrical installations	51.09	75.39	130.00	109.32
iv. Miscellaneous fixed assets	2.30	2.00	2.50	0.51
v. Preliminary and preoperative expenses	10.70	7.00	11.00	4.78
vi. Know-how and engineering charges	7.30	9.00	12.00	7.00
vii. Margin money for capital	10.66	13.49	15.00	—
viii. Provision for escalation	7.13	10.00	5.00	—
	107.13	159.91	240.00	182.71
	—	Say 160	—	—

As per the original and the revised project reports the cost of the project was proposed to be financed as under:

	Project reports		
	June 1981	June 1984	March 1987
	(Rupees in lakhs)		
i. Share capital	10.66	12.00	15.00
ii. TFA from IDBI	—	3.50	—
iii. Term loan from Government of India	86.15	119.50	200.00
iv. Capital investment subsidy	10.32	25.00	25.00
	107.13	160.00	240.00

During the period from 1981-82 to 1989-90, the Government of India released loans of Rs. 212.55 lakhs to the State Government towards the project cost. In addition loans of Rs. 4.35 lakhs released by the Government of India (February 1981) for setting up a

non-mechanised dye-house at Shantirbazar was also diverted to this project. Out of Rs. 216.90 lakhs, the State Government disbursed to the Company Rs. 211.90 lakhs as grants (Rs. 19.35 lakhs), loans (Rs. 175.65 lakhs) and share capital contribution (Rs. 16.90 lakhs) between 1980-81 to 1988-89. The State Government paid, capital investment subsidy of Rs. 25 lakhs in two instalments of Rs. 19.08 lakhs (June 1988) and Rs. 5.92 lakhs (January 1990). Besides, the State Government also paid establishment grant of Rs. 10 lakhs in two instalments of Rs. 5 lakhs each in 1990-91 and 1991-92 respectively.

7.6.15.4 *Consultancy*

The Company appointed (April 1984) NEITCO as its projects engineers and consultants to set up the plant at a fee of Rs. 7 lakhs. As per the agreement, installation and commissioning of the plant was to be completed within 24 months from the date of agreement i.e. by 11 April 1986. The plants was commissioned on 18 May 1989 due to delay at various stages as discussed in succeeding paragraph. During the period from April 1984 to May 1991, NEITCO was paid Rs. 7 lakhs towards their fee. On a request received (December 1987) from NEITCO to enhance their fees to Rs. 12 lakhs, the Board of Directors decided (April 1989) to enhance the fees to Rs. 10.50 lakhs. The agreement with the consultants did not, however, include any escalation clause. In December 1991, NEITCO claimed payment of outstanding dues of Rs. 7.15 lakhs on account of maintaining the site office from April 1986 to December 1989 (Rs. 3.50 lakhs), reimbursement of staff salary for the period (Rs. 1.45 lakhs) and interest at the rate of 13 *per cent* per annum for the period from February 1991 to December 1991. The amount has, however, not yet been paid (June 1994).

Government stated (October 1993) that the matter was under examination.

7.6.15.5 *Project implementation*

As per the project report (June 1981) the time required for completing the project and making it ready for commercial production was 18 months from the date of release of fund. The Government of India released the first instalment of Rs. 40 lakhs on 27 March 1982.

Hence, the scheduled date of completion works out to 26 September 1983, the project was commissioned on 18 May 1989. There was delay of 5 years and 7 months in various aspects of implementation as discussed below.

7.6.15.5 (i) *Civil constructions*

The Company handed over land measuring 2.56 acres at Dewanpassa to the project consultants in May 1984 for setting up the plant.

On the basis of tenders received against notice inviting tenders dated 23 August 1984, an agreement for construction of Civil Works valued at Rs. 25.31 lakhs (excluding cost of cement, reinforced steel, structural steel, corrugated iron sheets, etc.) was executed with the lowest tenderer on 25 February 1985. The agreement provided that the work would be completed within 12 months of the issue of the work order. The work order having been issued on 25 January 1985, the scheduled date of completion worked out to be 24 January 1986. As regards extension of time, the agreement provided that in case the contractor required extension of time in completing the work on the ground of his being hindered in executing the works unavoidably or any other ground, he should apply to the Engineer-in-charge of the consultants within 30 days. Further, clause 1.1 of the agreement provided that the rates furnished by the contractor would remain valid for a period of 21 months from the date of issue of the work order.

On 24 November 1986, the contractor sought for extension of one year's time from 25 October 1986 to 24 October 1987 and escalation of rates. While discussing the contractor's claim for escalation, the Board of Directors admitted (March 1987) that the delay was on the part of the Company in supplying the materials. Consequently resulted delay in completion of works.

The Board granted 30 *per cent* escalation of rates. The Company executed (2 May 1987) a revised agreement with the contractors wherein the parties accepted revised rates for the period from December 1986 to December 1987. The Company incurred excess expenditure of Rs. 5.60 lakhs on this account.

As per the revised programme drawn (2 May 1987) the contractor was to complete the works by December 1987. But the Company failed again to supply the materials in time and as a result, the contractor could not complete the works. The contractor sought for (June 1988) a second revision of rates. A Committee constituted (16 March 1989) by the Chairman examined the case and recommended 30 *per cent* escalation of rates in respect of works done after December 1987 which the Board approved (April 1989). The contractor completed the works on 8 April 1989. During the period of 1 January 1988 to 8 April 1988, the Company executed works valued at Rs. 5.88 lakhs. The escalation of 30 *per cent* thereof works out to Rs. 1.76 lakhs.

Thus, due to delay in supplying materials, the Company had to incur extra expenditure of Rs. 7.36 lakhs (Rs. 5.60 lakhs + Rs. 1.76 lakhs).

7.6.15.5 (ii) *Procurement and installation of plants and machinery*

During the period from October 1985 to April 1987, the Company placed orders on various suppliers for designing, fabrication and supply of 17 items of plant and machinery including two multitherm boilers at a total cost of Rs. 74.02 lakhs. The machines were supplied between June 1987 and February 1988. Erection of machines was done between September 1987 and July 1988. Hydraulic and steam tests of boilers were done in February 1989. The following points were noticed in Audit.

(a) The Company executed (30 October 1985) an agreement with a Bombay based engineering firm to design, fabricate and supply a 3-bowl calendaring machine at a cost of Rs. 17.87 lakhs. Accordingly the firm delivered (February 1988) the machine at site and completed (May 1988) erection and trial run thereof. The certificate regarding satisfactory trial run was issued by the Consultants on 3 May 1988. On 19 April 1989, the Works Manager of the dye-cum-process house reported that there were engraved marks at a few places on the steel bowl of the machine. On this being reported (4 May 1989) to the Consultant, they remarked (24 May 1989) that there had been a major

break-down of the machine in March 1989 due to an accident occurring from the mishandling of the machine and the damage to the machine might have occurred therefrom.

In June 1989, the Managing Director stated to the suppliers that due to the engraved marks on the steel bowl of the calendering machine, cloth processing at the dye-cum-process house could not be taken up. The Management did not pursue the matter further with the suppliers for getting the machine repaired or make alternative arrangement for repairing the machine. Due to its defects the machine was never put to use.

(b) The Company entered into (10 February 1987) agreements with an Engineering firm based in Pune for fabrication and supply of two multitherm boilers at site and erection, commissioning and ducting thereof. The ex-works price of the boilers was Rs. 9.25 lakhs. The charges payable for erection and commissioning were Rs. 0.70 lakh and ducting Rs. 0.20 lakh.

The suppliers supplied the boilers in June 1987. The boilers were installed in April 1988.

During hydraulic and steam tests conducted (February 1989) by the Chief Inspector of Factories and Boilers, Tripura a leakage in the joint of water tube and rear header was detected in one of the boilers. The matter was reported (May 1989) to the supplier for taking remedial action and was not pursued thereafter. The defect has not been rectified so far (November 1992). As a result the boiler on which Rs. 7.21 lakhs was spent on procurement and installation remained idle.

7.6.15.5 (iii) *Purchase of a generator set*

On being approached by the Director of Industries, the Government of India Sanctioned (February 1989) *inter alia* Rs. 5.50 lakhs for purchase and installation of a 125 KVA diesel generator set for standby power. The Company neither purchased the generator set nor refunded the amount.

The Government stated (October 1993) that due to

non-functioning of the dye-cum-process house as per expectation, installation of the generator set was kept suspended.

7.6.15.6 *Idle manpower*

As per the project report (March 1987) the requirement of manpower for operating the dye-cum-process house was 79 (managerial: 11, technical supervisor: 6 and workers: 62). 62 posts were created (October 1988) with the approval of the State Government. One Works Manager-cum-Dye Master was appointed in December 1988 and 25 other posts were filled up between November 1986 and September 1989. The service of the Works Manager-cum-Dye Master was discontinued in January 1992. The Company paid pay and allowances of Rs. 23.25 lakhs to the employees of the machanised dye-cum-process house during the period from April 1989 to July 1993 without properly utilising their services.

The Government stated (October 1993) that the staff pertaining to the dye-cum-process house were being utilised for the cloth printing unit as well as other activities of the Company. The Government, however, did not mention the other activities for which staff of the dye-cum-process house were being utilised, their number and the period for which they were thus engaged.

7.6.15.7 *Capacity utilisation*

The mechanised dye-cum-process house started operation from 18 May 1989. As per the original project report, the capacity of the factory was projected as 1095 bales (198.85 tonnes) of yarn and 15.75 lakh metres (157.50 tonnes) of grey cloth per annum in 300 working days on single shift basis. This was revised (March 1987) to 2640 bales (475.20 tonnes) of yarn and 24.00 lakh metres (240.00 tonnes) of cloth in 300 working days in two shifts of 8 hours each to be achieved gradually to the extent of 60 *per cent* in the first, 75 *per cent* in the second and 90 *per cent* in the third year of operation. As against the installed and achievable capacity, the actual performance during the period of operation from May 1989 to September 1991 was as given in the table below:

Year	Installed capacity		Achievable capacity		Actual production		Percentage to actual production to achievable capacity	
(1)	(2)		(3)		(4)		(5)	
	Yarn	Cloth	Yarn	Cloth	Yarn	Cloth	Yarn	Cloth
1989-90	475.00	240.00	285.12	144.00	24.43	Nil	8.57	—
1990-91	475.00	240.00	356.40	180.00	17.60	Nil	4.94	—
1991-92	475.00	240.00	427.68	216.00	2.90	Nil	0.68	—

The cloth processing unit was never put to operation and the plant and machinery costing Rs. 55.23 lakhs installed for bleaching, dyeing and processing of cloth remained almost idle; only 472 pieces of sarees were printed at this unit manually in 1989-90.

The mechanised dye-cum-process house stopped functioning since September 1991 mainly due to non-availability of raw materials, though no possibility of shortage of raw material was anticipated in the project report. No attempt to put the plant in operation again has yet (November 1992) been made.

7.6.15.8 Injudicious purchase of dyes and chemicals

For its mechanised dye-cum-process house at Dharmanagar, the Company purchased (June 1989) 4410 kgs. of dyes (Rs. 9.91 lakhs) and 9046 kgs. of chemicals (Rs. 1.49 lakhs) at a cost of Rs. 11.40 lakhs against which 705 kgs of dyes and 6116 kgs of chemicals valued at Rs. 2.59 lakhs were consumed during the period from 1989-90 to 1992-93. Balance of 3705 kgs. of dyes (Rs. 8.34 lakhs) and 2930 kgs. of chemicals (Rs. 0.50 lakh) valued at Rs. 8.84 lakhs remained unutilised till March 1993.

It was noticed in audit (November 1992) that the management did not formulate any production plan nor assessed the requirement

of dyes and chemicals thereby having recourse to purchases without actual requirement as per norms, envisaged in the project report.

The Government stated (October 1993) that the stock of dyes and chemicals would be utilised in its manually operated dye house at Agartala.

7.6.15.7 Profitability

As per the final project report (March 1987) the dye-cum-process house was to earn sales realisations of Rs. 1,114.70 lakhs in the first three years of operation projected therein and a cumulative operating profits of Rs. 76.26 lakhs during this period.

The Company has not compiled the accounts of the dye-cum-process house so far (September 1992) and hence the working results could not be vouched in audit.

In August 1990, the State Government appointed a seven-member Committee under the Chairmanship of the Managing Director to investigate into the affairs of the factory. The Committee reported (August 1990) that with the existing production base in the State the cloth processing unit could not be fed with 8000 metres of cloth each day as per the project report. The Committee however recommended that the yarn dyeing unit should be run.

As regard functioning of the dye-cum-process house, the Committee observed (April 1990) that its performance was a dismal failure. It held the existing Works Manager-cum-Dye Master and the production supervisors responsible for such poor performance.

The Board of Directors considered (January 1992) three alternative courses of action:

- (i) leasing out the entire dye-cum-process house for 20-25 years;
- (ii) forming a joint venture with private parties giving them 51 *per cent* share; or
- (iii) disposal of the cloth processing unit.

On 10 July 1990, the State Government enquired of 12 other

State Governments whether they or any corporations or co-operative societies in their States were interested in purchasing the machines installed in the mechanised dye-cum-process house. Further development is awaited (July 1993).

In meeting held in June 1993, the Board of Directors of the Company examined existing conditions of the mechanised dye-cum-process house and resolved that the State Government should be approached to examine the various aspects associated with the revival of the factory.

The Government stated (October 1993) that the report (August 1990) of the Committee was under active consideration by them.

7.6.16 Other points of interest

7.6.16.1 Non-disposal of old/damaged handloom and handicraft products and yarn

Since 1985-86, handloom and handicraft products and yarn valued at Rs. 7.21 lakhs (handloom items : Rs. 5.85 lakhs, handicrafts: Rs. 1.30 lakhs and yarn: Rs. 0.06 lakh) accumulated in the Company's central store and stores in various branch offices and sales emporia within the State. A major portion of such stores was old and damaged due to long storage. The Company organised (25 February to 23 March 1991) special rebate sale of these products by offering discount ranging from 10 to 30 *per cent* over special rebate of 20 *per cent* and realised net sale proceeds of Rs. 1.87 lakhs by disposing products valued at Rs. 3.44 lakhs. The remaining stock of stores valued at Rs. 3.77 lakhs are still awaiting disposal (July 1993). The records relating to the special rebate sale were not, made available to Audit.

Further, the State Government constituted (January 1992) a Committee to examine the old, deteriorated and damaged handloom and handicraft products lying at different emporia at New Delhi and in West Bengal.

The Company also formed (February 1992) a committee to sort out old and damaged products in various branch offices and sales

emporia in 4 categories—categories A, B and C having minor, medium and major defects to be sold at 20 *per cent* rebate *plus* discounts varying from 15 to 25 *per cent*. Category D products which were fully damaged were to be destroyed.

The information collected (February-June 1992) disclosed the category-wise position of old and damaged stores at issue rates is given below:

Stores lying at	Handloom products				Handicraft products			
	A	B	C	D	A	B	C	D
	(Rupees in lakhs)							
i) Central store, branch office stores, sales emporia in Tripura and Assam	38.76	32.30	18.71	1.46	...	...	...	2.29
ii) Sales emporia in West Bengal	4.47	2.05	0.46	0.01	0.02	0.03	0.10	1.20
iii) Sales emporia at New Delhi	...	...	...	0.21	...	...	...	0.37
	<u>43.23</u>	<u>34.35</u>	<u>19.17</u>	<u>1.68</u>	<u>0.02</u>	<u>0.03</u>	<u>0.10</u>	<u>3.86</u>

Besides, partly damaged handicraft products valued at Rs. 1.78 lakhs also accumulated at the sales emporium at New Delhi. Moreover, fully damaged yarn valued at Rs. 1.76 lakhs, looms and accessories valued at Rs. 0.93 lakh and Janata cloth valued at Rs. 0.20 lakh were also reported from various sales emporia.

The Government stated (October 1993) that all the damaged handloom and handicraft products had been disposed off and henceforth, identification of damaged products would be made annually. However, records relating to the disposal of these stores could not be produced to Audit. Information regarding sale proceeds realised on disposal of the products is also awaited (November 1991) from the Company.

7.6.16.2 *Engagement of firms of Chartered Accountants for compilation of accounts*

The Company engaged (July 1985) a firm of Chartered Accountants for compilation of its accounts which were in arrears for the period from 1980-81 to 1985-86 and internal audit of its head office and selected branch offices/emporia at consolidated fees of Rs. 0.46 lakh and Rs. 0.55 lakh respectively. The firm refused (August 1989) to compile the accounts for 1985-86 for want of information required by it and submitted accounts up to 1984-85 without enclosing vital documents such as trial balances, schedules etc. Despite such incomplete works the firm was paid Rs. 0.11 lakh in excess of the contracted amount.

In March 1990, the Company engaged a Calcutta-based computer firm for compilation of its accounts for the years from 1985-86 to 1988-89 as per requirement of the the Companies Act, 1956 at a negotiated fee of Rs. 1.25 lakhs. This firm also submitted (July 1991) the accounts without supporting documents, viz., details of sundry debtors and creditors, sales statements, bank reconciliation statements, etc. The Company paid Rs. 0.75 lakh to the firm so far (October 1992).

7.6.16.3 *Non-production of agenda papers and minutes of the meetings of the Board of Directors*

Up to the end of October 1992, 69 meetings of the Board of Directors were held. The agenda papers relating to the first to the fifty-eighth meetings and minutes of forty-third to fifty-first meetings were not produced to Audit. The minutes of twenty-seventh to forty-second meetings, though written in the minute books were not signed.

Similarly, up to the end of October 1992, nine annual general meetings of the members of the Company were held. Of these, minutes of first to fifth meetings were not produced to Audit. The minutes of the sixth meetings held on 4 July 1992 were recorded in the minute book, but these were not signed by the Chairman.

The Government stated (October 1993) that the agenda papers and the minutes of some meetings of the Board of Directors had been dislocated due to change of incumbency and that efforts were being made to locate them.

7.6.17 Internal Audit

The Company appointed different firms of Chartered Accountants as Internal Auditors up to 1985-86. In July 1989, the Company formed an internal audit team consisting of two auditors of the level of the upper division clerk and the direct control of the Chief Accounts Officer.

Even though the Company was established in September 1974 it has not prepared an internal audit or accounts manual containing the accounting procedures and specifying the functions, duties and responsibilities of its officers.

FOREST DEPARTMENT

THE TRIPURA REHABILITATION PLANTATION CORPORATION LIMITED

7.7 Loss of un-insured plantation due to fire

The Board of Directors resolved (November 1986) to take up the matter of bringing the plantations of the Company under insurance cover with the Government as the Company lacked its own source to pay the premia for such insurance and for which they had to depend on the flow of fund from the latter. Having no response from Government the Board of Directors approved, in September 1988, proposal for bringing the entire plantation in 1621.5 hectares area under fire-insurance coverage at an estimated premia of Rs. 0.36 lakh and also decided that the cost would be met from the Company's own sources. But this was not done by the management despite having adequate fund. In March 1989, 117.0 hectares area only in 3 plantation centres were brought under fire-insurance coverage and the remaining plantations were left un-insured. In March—April 1989, plantations

in 7 other centres covering 48 hectares area were destroyed by fire causing a loss of Rs. 3.12 lakhs to the Company. In April 1989, the New Insurance Scheme through Rubber Board was introduced to cover risks for the entire period of immatured stage i.e., up to 8 years' age by a single payment of premium. It was reaffirmed in the Board meeting of the Company held in January 1990 that the entire plantation should be covered under insurance. But nothing was done in this respect.

Between March 1992 and May 1992 even more centre were gutted by fire destroying plantation made at a cost of Rs 2.78 lakhs in 27.0 hectares area out of total area of 286.0 hectares planted. The estimated cost of insurance cover against fire and other risks up to 8 years of age of the rubber plants for 1984 to 1990 plantations in these centres covering an area of 286 hectares would have worked out to Rs. 1.01 lakhs.

Thus, due to lack of timely action to cover rubber plantations with insurance, the Company had to sustain a loss of Rs. 5.90 lakhs (Rs. 3.12 lakhs + 2.78 lakhs). Further, keeping the plantations un-insured under the new scheme available through Rubber Board, the Company had left its huge investment on raising plantations unprotected against many a possible hazards like fire, cyclone, flood etc., which could be done by payment of single premium only, and would have covered the risk for the entire phase of immaturity of the plants.

Government to whom the matter was reported in September 1993 stated (May 1994) that the main reason for leaving the plantation un-insured was financial constraint and as such investment was not provided for in the project report. The reply of the Government is not tenable as the Board of Directors in its meeting held on 29 September 1988 authorised the management to meet the cost of insurance from own sources and to make separate budget provision therefor.

AGRICULTURE DEPARTMENT

THE TRIPURA HORTICULTURE CORPORATION LIMITED

7.8 Unfruitful expenditure

Tripura Horticulture Corporation Limited, incorporated in April 1987 under Companies Act, 1956, took up in the year 1988-89 "banana plantation" on commercial basis over an area of 22 acres of land at Bastali under Sadar Sub-division with the object of meeting the local demand as well as to explore the possibilities of marketing bananas to adjoining States of the North Eastern Region and also other States of the country, utilising the vast tilla land available in the State. In the Project Report prepared by the Corporation, it was envisaged that the crop was expected to yield one fruit bunch per plant per year during the 2nd/3rd year of plantation besides making at least two suckers per plant per year available from the 2nd year onwards till the plantation is uprooted in the 4th year.

The Corporation planted 0.34 lakh suckers in 1988 and incurred a total expenditure of Rs. 5.62 lakhs (plantation: Rs. 3.64 lakhs and salary: Rs. 1.64 lakhs) during the period of 4 years (1988-89 to 1991-92).

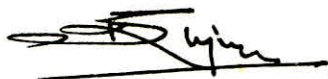
Records revealed (August 1992) that the Corporation earned a revenue of Rs. 694/- only from the plantation on the expiry of the 4th year i.e. by June/July 1992 through sale of 100 banana suckers for Rs. 400/- and 52 banana bunches for Rs. 294/- as against anticipated saleable numbers of 0.68 lakh suckers and 0.34 lakh bunches respectively.

Management attributed (July 1993) the failure of the plantations mainly to inferior varieties of suckers supplied by State Farm Corporation Limited, Kokilabari, the orchard authority of the Agriculture Department. While accounting for the failure of the project spread over for four years, they also cited non-release of loan by bank to the Corporation for not having any legal right or title to the land as one of the reasons, which adversely affected the development

of the required infrastructure therein. Steps taken against supply of inferior varieties of suckers or for investing Corporation money without ensuring infrastructural requirement were not, however, spelt out.

As a result, the expenditure of Rs 5.62 lakhs on banana plantation proved to be unfruitful.

Government to whom the matter was referred in September 1993 while admitting the fact stated (February 1994) that the Corporation was taking up a programme to improve the condition of the 'Project', which would increase its income in near future.



(S. K. F. KUJUR)

*Accountant General (Audit)
Tripura, Agartala*

Agartala

The

30 SEP 1994

Countersigned



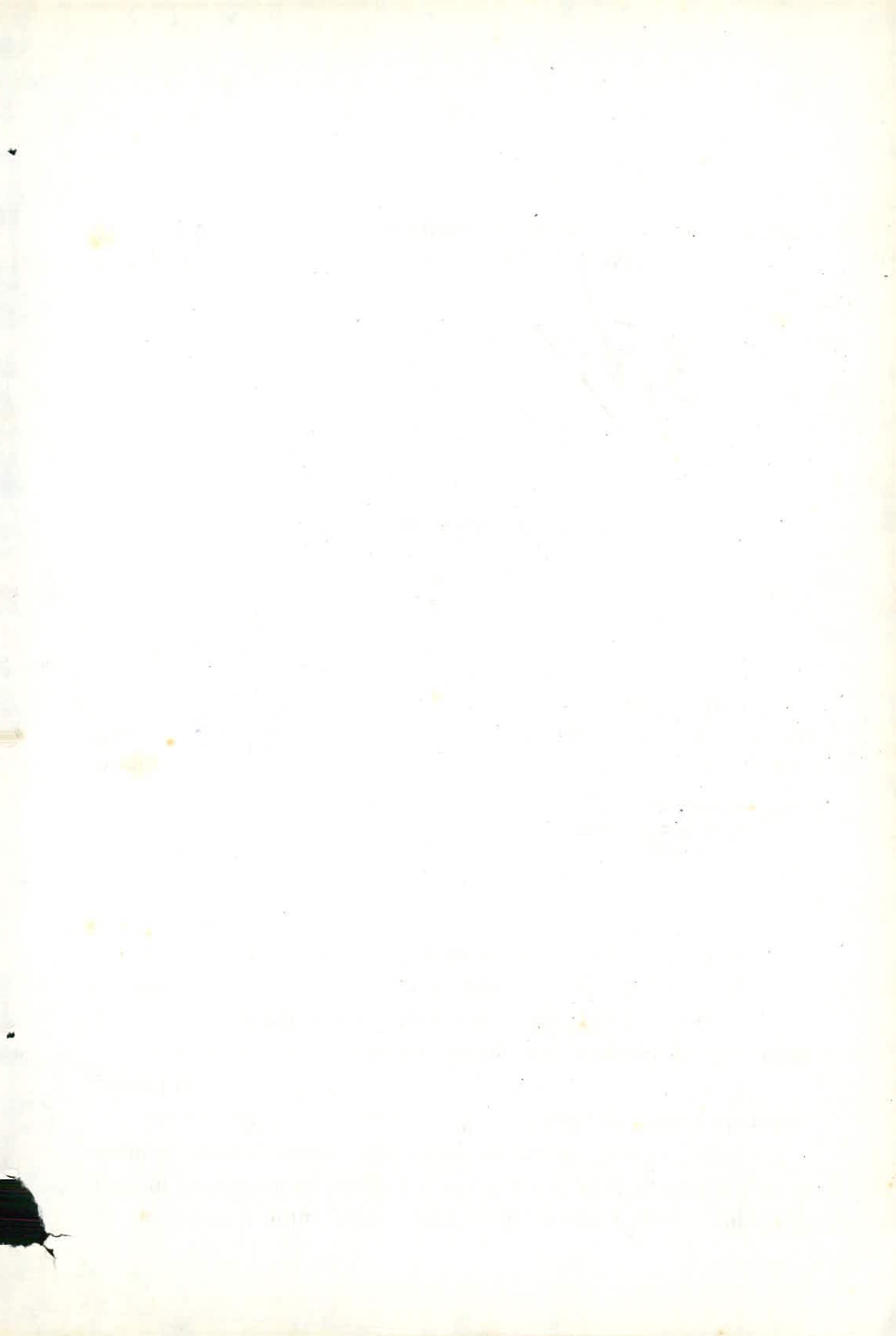
New Delhi

The

10 OCT 1994

(C. G. SOMIAH)

Comptroller and Auditor General of India



A P P E N D I C E S



APPENDIX 1

(Reference : Paragraph 2.2.1 at page 16)
Excess over provisions requiring regularisation

Sl. No.	Number and name of grant/ appropriation	Total grants/ appropriation	Edpendiure	Excess
Revenue Section (Voted)				
1.	1—Department of Parliamentary Affairs ✓	1,15,41,000	1,16,86,335	1,45,335 X
2.	7—Administrative Reforms Department ✓	23,00,000	57,53,798	34,53,798 X 34,53,798
3.	14—Public Works Department ✓	38,34,52,000	48,26,23,231	8,91,71,231 ✓
Revenue Section (Charged)				
4.	1—Department of Parliamentary Affairs ✓	3,01,000	3,45,866	44,886 X 44,866 ✓
5.	49—Horticulture Department ✓	2,80,000	2,94,172	14,172 X
Capital Section (Voted)				
6.	15—Public Works Department ✓	7,00,00,000	8,75,60,839	1,75,60,839 X
7.	52—Industries Department (Handloom and Sericulture) ✓	66,50,000	75,36,600	8,86,600 X
Capital Section (Charged)				
8.	46—Finance Department ✓	21,76,39,000	96,50,91,348	74,74,52,348 X
Grand Total :		69,21,63,000 ✓	1,56,08,92,189 ✓	86,87,29,189 X

253

~~76,95,57,958~~

APPENDIX 2

(Reference : Paragraph 2.2.8 at page 32)

Unnecessary re-appropriation of funds

Sl. No.	Number and name of grant and head of account	Provision Original (O) Supplementary (S)	Re-appropriation (R)	Total grant	Actual Expenditure	Excess (+) Saving (-)
1	2	3	4	5	6	7
(Rupees in lakhs)						
1.	14—Public Works Department 799—Suspense	O. 1360.00	R. (-) 60.00	1300.00	1955.57	(+) 655.57.
2.	15—Public Works Department 01—General Education 202—Secondary Education	O. 141.00	R. (-) 23.00	118.00	183.05	(+) 65.05
3.	16—Public Works Department (Roads and Bridges) 4216—Capital Outlay on Housing 106—General Pool Accommodation General Services	O. 119.00	R. (-) 24.00	95.00	193.92	(+) 98.92
4.	18—Irrigation and Flood Control Department 2215—Water Supply and Sanitation 01—Water Supply 001—Direction and Administration	O. 125.00 S. 31.00	R. (+) 21.90	177.90	123.05	(-) 54.85
5.	22—Medical Department 05—Medical Education, Training and Research 105—Allopathy Education, Education in Auxiliary Nurse-cum-Midwife, Dhai and Pharmacist Courses	O. 79.50	R. 47.00	126.50	105.58	(-) 20.92

APPENDIX 2 (Contd.)

(Reference : Paragraph 2.2.8 at page 32)

Unnecessary re-appropriation of funds

Sl. No.	Number and name of grant and head of account	Provision Original (O) Supplementary (S)	Re-appropriation (R)	Total grant	Actual Expenditure	Excess (+) Saving (-)
1	2	3	4	5	6	7
(Rupees in lakhs)						
6.	27— Welfare for Scheduled Castes Department 2225— Welfare for Scheduled Castes, Scheduled Tribes and Other Backward Classes 01— Welfare of Scheduled Castes					
	102— Economic Development	O. 125.80	R. 46.48	172.28	132.81	(-) 39.47
7.	34— Industries Department 4885— Other Capital Outlay on Industry and Minerals 01— Investment in Industrial Financial Institution					
	200— Other Investment Share Capital Contribution to Tripura Industrial Development Corporation Limited	O. 276.00	R. 24.00	300.00	150.00	(-) 150.00
8.	35— Agriculture Department 2401— Crop Husbandry 001— Direction and Administration Strengthening of the Organisation	O. 1057.50 S. 11.00	R. 104.50	1173.00	1150.15	(-) 22.85
9.	37— Forest Department 2406— Forestry and Wild Life 01— Forestry 001— Direction and Administration	O. 516.89 S. 26.02	R. 69.16	612.07	553.35	(-) 59.72

APPENDIX 2 (Concl'd.)

(Reference : Paragraph 2.2.8 at page 32)

Unnecessary re-appropriation of funds

Sl. No.	Number and name of grant and head of account	Provision Original (O) Supplementary (S)	Re-appropriation (R)	Total grant	Actual Expenditure	Excess (+) Saving (-)
1	2	3	4	5	6	7
(Rupees in lakhs)						
10.	41—Local Self Government Department 4215—Capital Outlay on Water Supply and Sanitation 01—Water Supply 101—Urban Water Supply Assistance to Agartala Municipality for Water Supply	O. 150.00	R. (-) 140.00	10.00	52.00	(-) 42.00
11.	44—Stationery and Printing Department (i) 101—Purchase and Supply of Stationery Stores (ii) 103—Government Press	O. 47.03 O. 152.24 S. 500	R. (-) 25.65 R. 28.78	21.38 186.02	41.81 161.35	(+) 20.43 (-) 24.67
12.	45—Finance Department 102—Commuted value of Pensions (ii) 104—Gratuities (iii) 104—Interest on Loans for Non-Plan Schemes	O. 350.00 O. 500.00 O. 1642.51	R. 25.00 R. 25.00 R. 47.73	375.00 525.00 1690.24	226.82 431.27 1666.08	(-) 148.18 (-) 93.73 (-) 24.16

APPENDIX 3

(Reference : Paragraph 2.2.8 at page 32)

Inadequate re-appropriation of funds

Sl. No.	Number and name of grant and head of account	Provision Original (O) Supplementary (S)	Re-appropriation (R)	Total grant	Actual Expenditure	Excess (+) Saving (-)
1	2	3	4	5	6	7
(Rupees in lakhs)						
1.	14— Public Works Department 2059— Public Works 80— General 001— Direction and Administration	O. 1337.22	R. 33.84	1371.06	1472.87	(+ 101.81)
2.	15— Public Works Department 4210— Capital Outlay on Medical and Public Health 80— General 800— Other Expenditure	O. 176.00	R. 24.00	200.00	288.62	(+ 88.62)
3.	16— Public Works Department (Roads and Bridges) (i) 04— District and Other Roads 800— Other Expenditure (ii) 5054— Capital Outlay on Roads and Bridges 04— District and Other Roads 010— Minimum Needs Programme— District Roads construction	O. 1362.00	R. (-) 68.00	1294.00	1227.11	(-) 66.89
4.	17— Electricity Department 799— Suspense	O. 535.00	R. 90.00	625.00	653.13	(+ 28.13)
		O. 1300.00	R. (-) 515.00	785.00	728.54	(-) 56.46

APPENDIX 3 (Contd.)

(Reference : Paragraph 2.2.8 at page 32)

Inadequate re-appropriation of funds

Sl. No.	Number and name of grant and head of account	Provision Original (O) Supplementary (S)	Re-appropriation (R)	Total grant	Actual Expenditure	Excess (+) Saving (-)
1	2	3	4	5	6	7
(Rupees in lakhs)						
5.	18— Irrigation and Flood Control Department					
	2702— Minor Irrigation					
	01— Surface Water					
	800— Other Expenditure					
	Other Minor Irrigation Schemes	O. 221.00	R. (-) 27.00	194.00	44.92	(-) 149.08
6.	19— Irrigation and Flood Control Department					
	Accelerated Water Supply Schemes					
	Construction (CSS)	O. 650.00	R. (-) 235.00	415.00	350.63	(-) 64.37
7.	22— Medical Department					
	(i) 2210— Medical and Public Health					
	01— Urban Health Services					
	110— Hospital and Dispensaries	O. 1230.82	R. (-) 21.07	1209.75	1128.95	(-) 80.80
	(ii) 06— Public Health					
	110— Prevention and Control of Diseases					
	NMEP (CSS) Central Share	O. 160.00	R. (-) 70.00	90.00	27.14	(-) 62.86
	(iii) — NLEP (100% CSS)	O. 148.77	R. (-) 69.82	78.95	53.05	(-) 25.90
8.	27— Welfare of Scheduled Castes Department					
	(i) 277— Educational (CSS)	O. 113.70	R. (-) 31.00	82.70	61.29	(-) 21.41
	(ii) 793— Special Central Assistance for Scheduled Caste Component (CSS)	O. 140.22	R. (-) 65.22	75.00	48.95	(-) 26.05

APPENDIX 3 (Contd.)

(Reference : Paragraph 2.2.8 at page 32)

Inadequate re-appropriation of funds

Sl. No.	Number and name of grant and head of account	Provision Original (O) Supplementary (S)	Re-appropriation (R)	Total grant	Actual Expenditure	Excess (+) Saving (-)
1	2	3	4	5	6	7
(Rupees in lakhs)						
9.	28— Food and Civil Supplies Department					
	4408— Capital Outlay on Food, Storage and Warehousing					
	01— Food					
	101— Procurement of Foodgrains from Central Pool	O. 10088.80	R. (-) 3438.80	6650.00	5393.76	(-) 3256.24
	800— Other Expenditure	O. 742.00	R. (-) 155.10	586.90	866.95	(-) 280.05
10.	41— Local Self Government					
	(i) 2217— Urban Development					
	01— State Capital Development					
	191— Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards etc.	O. 276.00	R. (-) 38.50	237.50	48.80	(-) 188.70
	(ii) 03— Integrated Development of Small and Medium Towns					
	191— Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards, etc.	O. 253.00	R. (-) 110.00	143.00	110.51	(-) 32.49

APPENDIX 3 (Concl'd.)

(Reference : Paragraph 2.2.8 at page 32)

Inadequate re-appropriation of funds

Sl. No.	Number and name of grant and head of account	Provision Original (O) Supplementary (S)	Re-appropriation (R)	Total grant	Actual Expenditure	Excess (+) Saving (-)
1	2	3	4	5	6	7
(Rupees in lakhs)						
11.	45— Finance Department					
	(i) 2070— Other Administrative Services					
	800— Other Expenditure					
	Provisions for Grants-in-aid/Contribution and Other Expenditure distributable under functional Major Heads	O. 1500.00	R. (-) 38.30	1461.70	Nil	(-) 1461.70
	(ii) 200— Interest on Other Internal Debts	O. 833.50	R. (-) 90.79	742.71	466.14	(-) 276.57
	(iii) 04— Interest on Loans and Advances from Central Government					
	101— Interest on Loans for State Plan Schemes	O. 762.16	R. 100.12	862.28	887.88	(+) 25.60
12.	50— Education (School) Department					
	(i) 107— Teachers' Training Basic Training Institute— Centrally Sponsored Scheme	O. 93.40	R. (-) 70.00	23.40	Nil	(-) 23.40
	(ii) 109— Government Secondary Schools	O. 4971.31	R. (-) 44.88	4926.43	4627.76	(-) 298.67
13.	52— Industries (Handloom and Sericulture) Department					
	(i) 2851— Village and Small Industries					
	103— Handloom Industries	O. 184.16	R. (-) 20.60	163.56	133.92	(-) 29.64
	(ii) 103— Handloom Industries (Centrally Sponsored Scheme)	O. 180.00	R. (-) 60.91	119.09	63.21	(-) 55.88

APPENDIX 4

(Reference : Paragraph 6.1.4 at page 174)

Utilisation Certificates outstanding at the end of September 1993

Department	Year in which grants were paid	Outstanding as on 30 September 1992		Received up to 30 September 1993		Outstanding as on 30 September 1993	
		Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
		1	2	3	4	5	6	7	8
Co-operation	1988-89	81	333.42	36	148.18	45	185.24
	1989-90	54	170.42	—	—	54	170.42
	1991-92	125	246.00	—	—	125	246.00
	1992-93	63	189.34	—	—	63	189.34
			<u>323</u>	<u>939.18</u>	<u>36</u>	<u>148.18</u>	<u>287</u>	791.00
Education Department	1988-89	70	317.20	25	262.65	45	54.55
	1989-90	170	1068.80	—	—	170	1068.80
	1990-91	153	873.99	—	—	153	873.99
	1991-92	155	278.12	—	—	155	278.12
	1992-93	185	1226.49	—	—	185	1226.49
			<u>753</u>	<u>3764.60</u>	<u>25</u>	<u>262.65</u>	<u>708</u>	3501.95

APPENDIX 4 (Contd.)

(Reference : Paragraph 6.1.4 at page 174)

Utilisation Certificates outstanding at the end of September 1993

Department	Year in which grants were paid	Outstanding as on 30 September 1992		Received up to 30 September 1993		Outstanding as on 30 September 1993	
		Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
1	2	2	4	5	6	7	8
General Administration	1988-89	6	0.07	6	0.07	—	—
Industries	1988-89	94	531.29	28	158.25	66	373.04
	1989-90	70	247.56	—	—	70	247.56
	1990-91	15	64.99	7	30.32	8	34.67
	1991-92	298	476.91	—	—	298	476.91
	1992-93	157	374.11	—	—	157	374.11
		634	1694.86	35	188.57	599	1506.29
Local Self Government (Municipality)	1989-90	190	410.55	86	185.80	104	224.75
	1990-91	112	440.60	—	—	112	440.60
	1991-92	145	516.16	—	—	145	516.16
	1992-93	107	380.07	—	—	107	380.07
		554	1747.38	86	185.80	468	1561.58

APPENDIX 4 (Contd.)

(Reference : Paragraph 6.1.4 at page 174)

Utilisation Certificates outstanding at the end of September 1993

Department	Year in which grants were paid	Outstanding as on 30 September 1992		Received up to 30 September 1993		Outstanding as on 30 September 1993	
		Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
1	2	3	4	5	6	7	8
Health and Family Welfare	1988-89	10	20.00	6	12.00	4	8.00
	1989-90	19	9.38	—	—	19	9.38
	1990-91	45	100.69	—	—	45	100.69
	1991-92	82	105.87	—	—	82	105.87
	1992-93	83	109.95	—	—	83	109.95
		239	345.89	6	12.00	233	333.89
Panchayats	1987-88	56	499.31	34	303.15	22	196.16
	1988-89	82	404.31	—	—	82	404.31
	1989-90	16	95.78	—	—	16	95.78
		154	999.40	34	303.15	120	696.25
Scheduled Tribes/Castes/ Tribal Welfare	1987-88	89	1420.40	43	686.25	46	734.15
	1988-89	61	130.50	—	—	61	130.50
	1989-90	72	190.34	—	—	72	190.34
	1990-91	12	0.41	—	—	12	0.41
	1991-92	186	567.98	—	—	186	567.98
1992-93	194	2378.24	—	—	194	2378.24	
		614	4687.87	43	686.25	571	4001.62

APPENDIX 4 (Concl'd.)

(Reference : Paragraph 6.1.4 at page 174)

Utilisation Certificates outstanding at the end of September 1993

Department	Year in which grants were paid	Outstanding as on 30 September 1992		Received up to 30 September 1993		Outstanding as on 30 September 1993	
		Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
1	2	3	4	5	6	7	8
Food and Civil Supplies	1989-90	21	52.34	—	—	21	52.34
Law	1990-91	6	1.84	6	1.84	—	—
Labour and Employment	1990-91	10	3.21	4	1.28	6	1.93
	1991-92	6	8.78	—	—	6	8.78
	1992-93	5	7.13	—	—	5	7.13
		21	19.12	4	1.28	17	17.84
Housing	1991-92	7	3.17	2	1.02	5	2.15
Soil and Water Conservation	1991-92	16	21.50	—	—	16	21.50
Rural Development	1992-93	75	370.29	—	—	75	370.29
Public Health, Sanitation and Water Supply	1992-93	15	80.81	—	—	15	80.81
		4293	17204.71	422	2230.89	3871	14973.82

APPENDIX 5

(Reference : Paragraph 6.2.6 at page 179)

**Statement showing the year-wise position of grants/ loans received from the Commission/State Government
and the expenditure incurred thereagainst during the period from 1986-87 to 1991-92**

Year	Grants received from Commission	Loans received from Commission	Grants credited to Khadi Fund	Expenditure	Grants credited to VI Fund	Expenditure	Loans credited to Khadi Fund	Expenditure	Loans credited to VI Fund	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
(Rupees in lakhs)										
I. 1986-87	19.72	6.60	1.24	0.61	18.48	20.30	4.66	3.39	1.94	
1987-88	24.39	17.01	Nil	0.75	24.39	3.96	Nil	Nil	17.01	
1988-89	1.11	5.38	1.11	0.84	Nil	16.20	1.99	Nil	3.39	
1989-90	0.10	10.38	Nil	1.30	0.10	2.57	0.17	Nil	10.21	
1990-91	5.17	11.87	Nil	0.61	5.17	6.53	1.20	Nil	10.67	
1991-92	5.10	20.80	Nil	1.12	5.10	7.78	Nil	1.13	20.80	
Total	55.59	72.04	2.35	5.23	53.24	57.34	8.02	4.52	64.02	
II.	Grant received from State Government		Expenditure							
1986-87	22.00									22.00
1987-88	27.00									23.70
1988-89	35.00									40.03
1989-90	43.00									54.10
1990-91	75.00									52.75
1991-92	60.00									67.50
Total	262.00									260.08

APPENDIX 5 (Concl.)

(Reference : Paragraph 6.2.6 at page 179)

Statement showing the year-wise position of grants/ loans received from the Commission/State Government and the expenditure incurred thereagainst during the period from 1986-87 to 1991-92

III.	Total revenue realised from sales proceeds		Amount credited to trading fund	Expenditure
	Khadi	VI		
1986-87	26.25	5.31	31.56	NA
1987-88	10.16	7.61	17.77	NA
1988-89	16.07	8.94	25.01	NA
1989-90	11.68	4.65	16.33	NA
1990-91	9.66	5.18	14.84	NA
1991-92	<u>12.87</u>	<u>4.46</u>	<u>17.33</u>	NA
Total	<u>86.69</u>	<u>36.15</u>	<u>122.84</u>	(NA = Not available)

N.B.

As the Board did not prepare the final accounts from 1986-87 onwards, the figures shown in the statement are provisional.

APPENDIX 6

Statement showing particulars of Paid up capital, Outstanding loans, Working results etc., of Government Companies as on 31 March 1993

Sl. No.	Name of the Company	Paid up Capital at the end of the current year			Loan outstanding at the close of the current year	Amount of guarantee given	Amount of guarantee outstanding at the close of the year	Position at the end of the year for which accounts were finished				
		State Government	Central Government	Others				Total	Year for which accounts were finalised	Paid up capital at the end of the year	Accumulated Profit (+) Loss (-)	Any excess of loss over the paid up capital
(1)	(2)	3(a)	3(b)	3(c)	3(d)	(4)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
(Rupees in lakhs)												
1.	Tripura Small Industries Corporation Limited, Agartala	397.92	—	—	397.92	253.60	75.00	75.00	1980-81	50.99	(-) 29.86	—
2.	Tripura Handloom and Handicrafts Development Corporation Limited, Agartala	238.98	3.00	3.00	244.98	258.23	50.00	50.00	1980-81	41.44	(+) 1.92	—
3.	Tripura Jute Mills Limited, Agartala	1893.05	—	—	1893.05	1684.06	602.68	602.68	1983-84	522.01	(-) 631.22	109.21
4.	Tripura Industrial Development Corporation Limited, Agartala.	563.00	163.50	—	726.50	170.00	—	—	— 1986-87	90.50	(-) 3.28	—
5.	Tripura Forest Development Plantation Corporation Limited, Agartala	728.52	29.50	Nil	758.02	314.07	314.07	314.07	1984-85	134.02	(-) 38.15	—

APPENDIX 6 (Concl'd.)

Statement showing particulars of Paid up capital, Outstanding loans, Working results etc., of Government Companies as on 31 March 1993

Sl. No.	Name of the Company	Paid up Capital at the end of the current year			Loan outstanding at the close of the current year	Amount of guarantee given	Amount of guarantee outstanding at the close of the year	Position at the end of the year for which accounts were finished				
		State Government	Central Government	Others				Total	Year for which accounts were finalised	Paid up capital at the end of the year	Accumulated Profit Loss (-)	Any excess of loss over the paid up capital
(1)	(2)	3(a)	3(b)	3(c)	3(d)	(4)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
(Rupees in lakhs)												
6.	Tripura Tea Development Corporation Limited, Agartala	233.50	—	—	233.50	—	—	—	1981-82	10.00	—	—
7.	Tripura Rehabilitation Plantation Corporation Limited, Agartala	427.73	—	—	427.73	75.66	140.00	—	1986-87	67.87	(-) 21.38	—
8.	Tripura Horticulture Corporation Limited, Agartala	113.00	—	—	113.00	—	—	—	1988-89	45.00	(-) 7.37	—
9.	Tripura Natural Gas Company Limited, Agartala	—	—	50.00	50.00	—	—	—	—	—	—	Under liquidation since 1970-71
10.	Tripura State Bank Limited (in liquidation)	3.75	—	—	3.75	—	—	—	—	—	—	—
		4599.45	196.00	53.00	4848.45	2755.62	1182.35	1041.75	—	961.83	(-) 729.34	109.21
(1082.35)												

APPENDIX 7

Summarised Financial Results of Government Companies for the year for which accounts were finalised up to 31 March 1993

Sl. No.	Name of the Company	Name of the Department	Date of incorporation	Periods of accounts	Year in which finalised	Total capital invested at the end of the year of accounts	Profit (+) Loss (-)	Total interest charged to profit and loss accounts	Interest on long term loan	Total return on capital invested (8 + 10)	Capital employed on capital employed (8 + 9)	Total return on capital invested	Percentage of total return on capital invested	Percentage of total return on employed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
(Rupees in lakhs)														
1.	Tripura Small Industries Corporation Limited	Industry	30 April 1965	1980-81	1992-93	106.73	(-) 4.88	—	—	(-) 4.88	68.00	(-) 4.88	—	—
2.	Tripura Handloom and Handicrafts Development Corporation Limited	-do-	5 September 1974	1980-81	1990-91	110.73	(-) 20.65	15.73	15.73	(-) 4.92	129.65	(-) 4.92	(-) 4.44	(-) 3.79
3.	Tripura Jute Mills Limited	-do-	10 October 1974	1983-84	1991-92	1239.96	(-) 371.82	85.75	85.75	(-) 286.07	621.11	(-) 286.07	—	—
4.	Tripura Industrial Development Corporation Limited.	-do-	28 March 1974	1986-87	1990-91	113.79	(-) 0.36	—	—	(-) 0.36	80.31	(-) 0.36	—	—
5.	Tripura Forest Development and Plantation Corporation Limited	Forest	26 March 1976	1984-85	1992-93	355.98	(-) 38.15	8.57	27.12	(-) 11.03	343.11	(-) 29.58	—	—

ERRATA

For Audit Report—1992-93

Page No.	Reference/Line No.	For	Read
iv	22nd line from bottom	tender	tenders
xiv	8th line from bottom	Distict	District
xvi	1st line from top	hactares	hectares
xvi	3rd line from top	hactares	hectares
xvi	20th line from top	to contractor	to the contractor
xvi	6th line from bottom	1978-88	1987-88
xvii	4th line from bottom	finalisation accounts	finalisation of accounts
xx	18th line from bottom	Barley, Musur	Barrely Musur
xxi	16th line from top	tender	tenders
4	16th line from top	Sponsored Scheme	Sponsored Plan Scheme
5	8th line from bottom	Industries	Industry
6	4th line from top	Accounts	Account
6	4th line from top	Pubic Debt	Public Debt
6	7th line from top	Deposit	Deposits
10	3rd line from top	1998-89	1988-89
10	6th line from bottom	Others	Other
10	Table—1990-91 column— 3rd line from top	3.38	3.39
21	14th line from top	final saving saving have	final saving have
21	4th line from bottom	Environment Department	Environment
29	10th line from top	intimate	intimated
32	15th line from top	alos	also
37	10th line from top	Voted	Voted)
37	8th line from bottom	gorss	gross
44	21st line from top	group	group,
55	17th line from top	thought here	though there
61	2nd line from bottom	NOGs	NGOs
69	5th line from bottom	(DRDA under	(DRDA) under
70	4th line from top	wich	which
72	4th line from top	durig	during
72	4th line from top	Allocatrion	Allocations
74	14th line from top	Goan	Gaon
77	17th line from bottom	and 17 per cent	and 47 per cent
80	2nd line from bottom	met	meet
85	20th line from top	June 1990	June 1989
87	5th line from bottom	Women-headed	Woman-headed
90	2nd line from top	Department	Department
91	1st line from top	infractuos	infructuous
92	Table—4th line—2nd column	257.67	267.67
93	14th line from top	lax	tax
96	10th line from top	values	valves
96	11th line from top	hydrant	hydrants
96	5th line from bottom	in	on
98	5th line from top	fesibility	feasibility
100	19th line from top	stated to under	stated to be under
100	19th line from bottom	cost Rs.	cost : Rs.
103	2nd line from top	Tet-check	Test-check

<i>Page No.</i>	<i>Reference/Line No.</i>	<i>For</i>	<i>Read</i>
103	16th line from bottom	occurence	occurance
103	19th line from bottom	dug-well	dug-wells
104	10th line from bottom	of Deep	of 10 Deep
105	16th line from top	firms	firm
105	16th line from bottom	36000 metre	36000 metres
105	18th line from bottom	Department, tenders entered	Department, entered
108	Table heading—Column 5	Masonary	Masonry
108	Table heading—Column 9	damaged on	damaged or
109	Table heading—Column 5	Masonary	Masonry
109	Table heading—Column 9	damaged on	damaged or
110	2nd line from top	Rig Machine	Rig Machines
110	Table—Column against 1990	51	57
111	3rd line from top	mainstay	main stay
111	9th line from bottom	Fiftieth	Fiftieth Report
114	7th line from bottom	given at prepage show	given show
123	10th line from bottom	transported from	transported earlier from
123	2nd line from bottom	procured that	procured by that
126	12th line from bottom	in a audit	in audit
127	14th line from top	difficulties	difficulties
127	12th line from bottom	towards a land	towards land
129	7th line from bottom	inadeqate	inadequate
130	1st line from bottom	lskhs	lakhs
131	19th line from top	contractor	contract
132	5th line from top	Supterintending	Superintending
132	7th line from top	cite	site
132	13th line from bottom	of	on
133	1st line from top	only 98 hours	only for 98 hours
135	12th line from top	buisness	business
136	16th line from top	Manu	Manual
137	8th line from top	Isnpection	Inspection
138	14th line from top	settlement/suspense	settlement suspense
139	9th line from bottom	settlement/suspense	settlement suspense
140	4th line from top	acceptance tender	acceptance of tender
141	19th line from top	18290.31	1829.31
141	4th line from bottom	receipt	receipts
152	17th line from bottom	50.13	50.43
155	9th line from top	surpirse	surprise
158	11th line from top	3,287	32.87
163	16th line from bottom	weight	weigh
165	4th line from top	Commissionner	Commissioner
165	3rd line from bottom	1976	1970
169	14th line from bottom	8.092	8,092
180	14th line from top	an	and
183	1st line from top	purcentage	percentage
185	7th line from top	an	and
188	Table heading 1st column—		
	3rd line from top	Cental	Central
188	13th line from bottom	Embazzalement	Embezzlement
189	6th line from top	Rs. 0.19 lakh	Rs. 0.91 lakh
189	10th line from top	Rs. 0.19 lakh	Rs. 0.91 lakh
190	8th line from top	balacksmithy	blacksmithy

<i>Page No.</i>	<i>Reference/Line No.</i>	<i>For</i>	<i>Read</i>
197	8th line from bottom	agencywise	agency-wise
199	19th line from top	to	at
199	12th line from top	providing	provide
201	17th line from top	7.9.11	7.5.11
202	Column No. 4 of Sl. No. 9 of the table	—	3
205	19th line from top	inter alia	inter-alia
209	3rd line from bottom	conveyed	covered
210	8th line from top	major faced	major problem faced
210	8th line from top	on	or
210	9th line from top	receipts	receipt
210	4th line from bottom	1981-92	1981-82
210	10th line from bottom	end	and
215	Table—last column		
	2nd line from top	26 February 1983	26 February 1993
215	Table—last column		
	3rd line from top	29 February 1983	29 February 1988
219	9th line from top	paper	papers
221	8th line from top	436.00	486.00
224	7th line from top	implimentation	implementation
224	3rd line from bottom	reprots	reports
234	11th line from top	Consultance	Consultants
236	16th line from top	plants	plant
241	After 7th line from top	—	(in tonnes)
246	9th line from top	and	under
247	9th line from top	centre	centres
248	4th line from bottom	failur	failure
253	Table heading 3rd column	Total grants/appropriation	Total grant/appropriation
			Rs.
253	Table heading 4th column	Edpenditure	Expenditure
			Rs.
253	Table heading 5th column	Excess	Excess
			Rs.
253	Table—5th column 2nd line	34,53,789	34,53,798
253	Table—5th column 4th line	44,886	44,866
255	Table—6th column last line	553.35	552.35
256	Table—3rd column 4th line	500	5.00
258	Table—2nd column 14th line	110	101
	Table—2nd column		
	3rd line from bottom	Educational	Education
260	Table—2nd column		
	7th line from top	200-Intrest	200-Interest
265	Table—1st column last line	Social Secretary	Social Security

<i>Page No.</i>	<i>Reference/Line No.</i>	<i>For</i>	<i>Read</i>
267	Table heading—please insert Column (11) after Column (10) and the figures seriatim		Expenditure <hr/> (11) <hr/> 0.11 Nil Nil 5.94 23.78 21.24 <hr/> 51.07
269	5th line from top	finalished	finalised
269	Column (a), 6(b), 6(c) and 6(d) against Sl. No. 4	— 1986-87 90.50 (-) 3.28	1986-87 90.50 (-) 3.28 —
270	5th line from top	finalished	finalised
271	Table heading—Column 15	percentage of total return on employed	percentage of total return on capital employed
272	Table heading—Column 15	percentage of total return on employed	percentage of total return on capital employed
272	Table column of against Sl. No. 7	0.80	0.08