

CHAPTER IV: REVENUE SECTOR

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4.1 GENERAL

4.1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Tripura during the year 2014-15, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in the following table:

Table No. 4.1.1: Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
I.	Revenue raised by the State Government					
	Tax revenue	622.34	858.02	1,004.65	1,073.91	1,174.26
	Non-tax revenue	131.79	214.22	178.75	246.52	195.64
	Total	754.13	1,072.24	1,183.40	1,320.43	1,369.90
	<i>Increase over previous year (%)</i>	<i>15.59</i>	<i>42.18</i>	<i>10.37</i>	<i>11.58</i>	<i>3.75</i>
II.	Receipts from the Government of India					
	Share of net proceeds of divisible Union taxes and duties	1,122.36	1,307.56	1,493.18	1,630.25	1,730.13
	Grants-in-aid	3,292.11	4,097.10	4,373.72	4,699.50	6,139.70
	Total	4,414.47	5,404.66	5,866.90	6,329.75	7,869.83
III.	Total Revenue Receipts of the State Government (I and II)	5,168.60	6,476.90	7,050.30	7,650.18	9,239.73
IV.	Percentage of I to III	15	17	17	17	15

Source: Finance Accounts

The above table indicates that during the year 2014-15, the revenue raised by the State Government was ₹ 1,369.90 crore which was 15 per cent of the total revenue receipts. The balance 85 per cent of the receipts during 2014-15 was from the Government of India. The growth of revenue receipts during 2014-15 was only 3.75 per cent as compared to 11.58 per cent during the year 2013-14.

4.1.1(a) Tax Revenue: The details of the tax revenue raised during the period 2010-11 to 2014-15 are given in the following table:

Table No. 4.1.2: Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2010-11		2011-12		2012-13	
		BE	Actual	BE	Actual	BE	Actual
1	Sales Tax/VAT	475.00	444.93	598.00	666.32	670.00	763.07
2	State Excise	70.00	85.85	82.50	94.68	100.00	114.00
3	Stamps and Registration Fees	28.00	24.23	19.97	30.73	30.00	36.71
4	Taxes on Vehicles	45.00	21.92	44.57	25.18	40.00	30.73
5	Other Taxes on Income and Expenditure ¹	32.00	29.22	31.50	30.27	32.00	32.16
6	Land Revenue	15.00	15.25	5.82	9.33	20.00	26.44
7	Other Taxes and Duties on Commodities and Services	2.00	0.91	1.09	1.42	1.37	1.36
8	Others	0.05	0.03	0.03	0.09	0.07	0.18
Total :		667.05	622.34	783.48	858.02	893.44	1,004.65

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

Table No. 4.1.2: Details of Tax Revenue raised (concl'd.)

(₹ in crore)

Sl. No	Head of revenue	2013-14		2014-15		Percentage of increase (+) or decrease (-) in 2014-15 over 2013-14	
		BE	Actual	BE	Actual	BE	Actual
1	Sales Tax/VAT	914.15	837.09	950.00	909.81	(+)3.92	(+)8.69
2	State Excise	128.70	115.18	179.46	138.96	(+)39.44	(+)20.65
3	Stamps and Registration Fees	37.00	39.24	42.54	37.56	(+)14.97	(-)4.28
4	Taxes on Vehicles	36.11	36.79	40.00	36.09	(+)10.77	(-)1.90
5	Other Taxes on Income and Expenditure ¹	34.00	35.03	37.00	38.93	(+)8.82	(+)11.13
6	Land Revenue	30.00	8.07	24.87	10.76	(-)17.10	(+)33.33
7	Other Taxes and Duties on Commodities and Services	3.82	1.64	4.25	1.87	(+)11.26	(+)14.02
8	Others	0.22	0.87	0.25	0.28	(+)13.64	(-)67.82
Total:		1,184.00	1,073.91	1278.37	1174.26	(+)7.97	(+)9.34

Source: (BE: Budget at a Glance, Actual: Finance Accounts)

The Finance (Excise & Taxation) Department furnished the following reasons for increase in revenue in 2014-15 as compared to 2013-14.

Taxes on sales, trade, etc.: The increase in collection of Sales Tax/VAT (8.69 per cent) was due to check in evasion of taxes, increase in vigilance activities, intensive checking at Churaibari Check-Post and regular monitoring of tax collection and efficient tax administration.

State Excise : The increase in collection of State Excise (20.65 per cent) was due to growth in collection of license fee which was supposed to be realised in the financial year 2013-14 but collected in the financial year 2014-15.

The other departments despite being requested (August 2015) did not furnish the reasons for variations in tax receipts with respect to the previous year (November 2015).

4.1.1(b) Non-Tax Revenue: The details of the non-tax revenue raised during the period 2010-11 to 2014-15 are indicated in the following table:

Table No. 4.1.3: Details of Non-tax revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2010-11		2011-12		2012-13	
		BE	Actual	BE	Actual	BE	Actual
1	Interest Receipts	25.00	23.24	26.25	50.66	30.00	67.88
2	Industries	14.00	30.63	13.10	39.80	35.00	41.20
3	Police	25.00	24.73	20.00	37.33	20.00	28.48
4	Public Works	9.00	7.83	10.00	7.84	15.00	5.56
5	Forestry and Wildlife	7.00	7.64	6.91	6.98	1.20	6.56
6	Water Supply and Sanitation	3.00	1.21	1.00	1.26	2.15	1.68
7	Miscellaneous General Services	44.50	11.29	22.25	11.60	11.93	0.80
8	Other Administrative Services	18.60	3.91	15.65	5.45	22.35	5.36
9	Medical and Public Health	8.00	4.06	5.37	5.14	8.00	6.95
10	Crop Husbandry	2.50	1.85	1.68	1.93	2.70	1.97
11	Animal Husbandry	3.00	1.57	1.30	1.32	2.15	1.49
12	Housing	3.00	1.35	1.00	1.73	2.15	1.71
13	Education, Sports, Art and Culture	2.00	1.27	1.65	2.06	2.00	0.68
14	Stationery and Printing	3.05	1.51	1.50	1.40	1.75	1.28
15	Others	22.55	9.70	9.44	39.72	21.93	7.15
Total:		190.20	131.79	137.10	214.22	178.31	178.75

Table No. 4.1.3: Details of Non-tax revenue raised (concl.)

(₹ in crore)

Sl No.	Head of revenue	2013-14		2014-15		Percentage of increase (+) or decrease (-) in 2014-15 over 2013-14	
		BE	Actual	BE	Actual	BE	Actual
1	Interest Receipts	35.00	86.47	80.00	46.02	(+)128.57	(-)46.78
2	Industries	50.44	59.91	85.00	65.01	(+)68.52	(+)8.51
3	Police	48.00	33.95	50.00	34.34	(+)4.17	(+)1.15
4	Public Works	15.00	8.54	25.00	8.92	(+)66.67	(+)4.45
5	Forest	10.05	7.70	8.00	9.83	(-)20.40	(+)27.66
6	Water Supply and Sanitation	1.52	7.32	1.07	1.92	(-)29.61	(-)73.77
7	Miscellaneous General Services	-	21.24	-	5.27	-	(-)75.19
8	Other Administrative Services	8.00	4.52	5.56	6.28	(-)30.50	(+)38.94
9	Medical and Public Health	9.00	2.84	3.75	3.00	(-)58.33	(+)5.63
10	Crop Husbandry	2.66	2.48	2.50	2.79	(-)6.02	(+)12.50
11	Animal Husbandry	2.13	2.13	1.47	2.47	(-)30.99	(+)15.96
12	Housing	3.28	1.80	2.28	1.84	(-)30.49	(+)2.22
13	Education, Sports, Art and Culture	3.00	1.32	3.00	1.45	-	(+)9.85
14	Stationery and Printing	1.80	1.29	1.50	1.83	(-)16.67	(+)41.86
15	Others	30.12	5.01	20.87	4.67	(-)30.71	(-)6.79
Total:		220.00	246.52	290.00	195.64	(+)31.82	(-)20.64

Source: (BE: Budget at a Glance, Actual: Finance Accounts)

The reasons for variation in non-tax receipts were not furnished by the respective departments (November 2015) although called for (August 2015).

4.1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2015 on some principal heads of revenue amounted to ₹ 67.12 crore of which ₹ 14.16 crore was outstanding for more than five years, as detailed in the following table:

Table No. 4.1.4: Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2015	Amount outstanding for more than 5 years as on 31 March 2015	Replies of Department
1	Taxes/VAT.	67.12	14.16	-
Total:		67.12	14.16	-

Source: Finance (Excise & Taxation) Department

It would be seen from the table that recovery of ₹ 14.16 crore was pending for more than five years and no sincere efforts were being made to recover them.

4.1.3 Arrears in Assessments

The details of Taxes on Agricultural income assessment cases pending at the beginning of the year 2014-15, cases which became due for assessment during the year, cases disposed during the year and number of cases pending at the end of the year 2014-15 as furnished by the Commissioner of Taxes & Excise are mentioned below in the following table:

Table No. 4.1.5: Arrears in Assessments

Head of revenue	Opening balance	New cases due for assessment during 2014-15	Total assessments due	Cases disposed of during 2014-15	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Taxes on Agricultural income	524	10	534	Nil	534	Nil

Source: Finance (Excise & Taxation) Department

The arrear in assessment increased from 524 to 534 cases with the addition of another 10 cases which became due for assessment during the year 2014-15 and no cases have been disposed of during the year. Steps may be taken for timely and periodical assessment of cases.

4.1.4 Evasion of tax detected by the Department

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

Table No. 4.1.6: Evasion of Tax

Sl. No.	Head of revenue	Cases pending as on 31 March 2014	Cases detected during 2014-15	Total	Number of cases in which assessment/ investigation completed and additional demand with penalty etc. raised		Number of cases pending for finalisation as on 31 March 2015
					No. of cases	₹ in crore	
1	Sales tax/ VAT	954	977	1,931	860	3.16	1,071

Source: Finance (Excise & Taxation) Department

Nine hundred and fifty four cases of evasion of tax were outstanding as on 31 March 2014. 977 cases of evasion of tax had been detected and reported during 2014-15 taking the total of pending cases to 1,931. Of these pending cases, in 860 number (44.54 per cent) of cases assessments/investigation were completed and additional demand including penalty, etc., amounting to ₹ 3.16 crore was raised during the year 2014-15. Consequently, 1,071 cases were pending as on 31 March 2015.

It would be seen from the above table that the number of cases pending at the end of the year had increased over the cases pending at the start of the year.

4.1.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year 2014-15, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2014-15 as reported by the Department is given in the following table:

Table No. 4.1.7: Details of pendency of refund cases*(₹ in crore)*

Sl. No.	Particulars	Sales tax / VAT	
		No. of cases	Amount
1	Claims outstanding at the beginning of the year	04	2.24
2	Claims received during the year	03	2.13
3	Refunds made during the year	02	0.15
4	Balance outstanding at the end of year	05	4.22

Source: Finance (Excise & Taxation) Department

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

Claims for refund of ₹ 2.13 crore involving three cases have been reported during 2014-15, refund made during the year is ₹ 0.15 crore involving two cases and the outstanding amount of ₹ 4.22 crore involving five cases have not yet been settled (November 2015).

4.1.6 Response of the Government/ Departments towards Audit

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

Inspection Reports issued upto 31 March 2015 disclosed that 467 paragraphs involving ₹ 61.63 crore relating to 156 IRs remained outstanding at the end of June 2015 as mentioned below along with the corresponding figures for the preceding two years in the following table:

Table No. 4.1.8: Details of pending Inspection Reports

	June 2013	June 2014	June 2015
Number of IRs pending for settlement	212	149	156
Number of outstanding audit observations	582	428	467
Amount of revenue involved (₹ in crore)	135.37	71.28	61.63

4.1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2015 and the amounts involved are mentioned in the following table:

Table No. 4.1.9: Department-wise details of IRs

(₹ in crore)

Sl. No.	Name of Department	Nature of receipts	No. of outstanding IRs	No. of outstanding Audit Observations	Money value involved (₹ in crore)
1.	Finance	Taxes/VAT	57	229	11.62
		Professional Tax	06	06	0.07
		Agricultural Income Tax	-	-	-
		Amusement Tax	03	08	0.77
		Luxury Tax	-	-	-
2.	Forest	Forest Receipts	09	26	4.13
3	Industries and Commerce	Mines and Minerals	-	-	-
4.	Revenue	Land Revenue	33	47	0.91
		Stamp Duty and Registration Fees	19	32	0.75
5.	Excise	State Excise	17	55	16.24
6.	Transport	Taxes on Vehicles/Taxes on Goods and Passengers	12	64	27.14
Total:			156	467	61.63

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of the IRs for 119 IRs issued during 2014-15. This large pendency of the IRs due to non-receipt of the replies is indicative of the fact that the heads of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG (Audit) in the IRs.

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

4.1.6.2 Departmental Audit Committee Meetings

The Government sets up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2014-15 and the paragraphs settled are mentioned in the following table:

Table No. 4.1.10: Details of Departmental audit committee meetings

(₹ in crore)

Sl. No.	Department	Number of meetings held	Discussed		Settled		Amount
			IRs	Paras	IRs	Paras	
1	Revenue	01	02	07	-	03	-
2	State Excise	01	05	15	02	04	0.19
3	Transport	02	06	28	03	16	17.29
Total		04	13	50	05	23	17.48

Four Audit Committee Meetings (ACMs) pertaining to the Revenue, State Excise and Transport Departments were held during the year 2014-15. In these ACMs, 50 paras of 13 IRs were discussed, out of which 23 paras of 5 IRs were settled.

The Government may ensure holding of frequent meetings of these Committees for ensuing effective action on the audit observations leading to their settlement.

The progress of settlement of paragraphs pertaining to the three Departments was not satisfactory as compared to the pendency of the IRs and paragraphs; despite holding Departmental audit committee meetings.

4.1.6.3 Response of the Departments to the draft Audit Paragraphs

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

Three draft paragraphs and one Performance Audit (IT) were sent to the Principal Secretaries/Secretaries of the respective Departments by name (September 2015). The Government replies (November 2015) to the Performance Audit have been suitably incorporated in the Report.

4.1.6.4 Follow up on the Audit Reports-summarised position

The internal working system of the Public Accounts Committee, notified in December 2002, laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the *suo moto* reply thereon should be submitted by the Government within three months of tabling the Report, for consideration of the Committee. In spite of these provisions, the *suo moto* reply on audit paragraphs of the Reports were being delayed inordinately. During the last five years from 2008-09 to 2012-13, 18 paragraphs (including four performance audit) were included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Tripura and placed before the State Legislative Assembly between March 2010 and September 2014. The *suo moto* reply from the concerned Departments on these paragraphs were received late with delay ranging from five to 33 months in respect of each of these Audit Reports. *Suo moto* reply in respect of five paragraphs from two Departments (Transport: 3, Revenue: 2) had not been received for the Audit Reports for the years ended 31 March 2008-09 to 2012-13 (November 2015).

The PAC discussed two selected paragraphs pertaining to Audit Reports for the years from 2008-09 to 2012-13 and made 14 recommendations on the two paragraphs which were incorporated in its 112th Report (September 2010). The Action Taken Notes (ATNs) on the 112th PAC Report have been discussed in the PAC in July 2013 in which the committee had made 13 recommendations which were incorporated in the 114th PAC Report (March 2014). However, ATNs on the 114th PAC Report have

not yet been received (November 2015) from the departments concerned as mentioned in the following table:

Table No. 4.1.11

Year	Name of Department	Para No	No. of PAC recommendation	ATN recieved	ATN awaited
2008-09	Finance (Excise & Taxation) Department	4.5	1	Nil	1
2009-10		4.4	12	Nil	12
Total:		2	13	Nil	13

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

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

The succeeding **Paragraphs No. 4.1.7.1 & 4.1.7.2** discuss the performance of the Finance (Excise & Taxation) Department under revenue receipts heads (0043 & 0044) and cases detected in the course of local audit during the last ten years and also the cases included in the Audit Reports for the years 2005-06 to 2014-15.

4.1.7.1 Position of Inspection Reports

The summarised position of the inspection reports issued during the last ten years, paragraphs included in these reports and their status as on 30 June 2015 in respect of Finance (Excise & Taxation) Department are tabulated in the following table:

Tabel No. 4.1.12: Position of Inspection Reports

(₹ in crore)

Years	Opening balance			Addition during the year			Clearance during the year			Closing balance as on June		
	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
2005-06	13	36	1.37	04	14	0.10	-	-	-	17	50	1.47
2006-07	17	50	1.47	07	16	1.03	-	03	0.12	24	63	2.38
2007-08	24	63	2.38	10	43	2.15	01	05	0.11	33	101	4.42
2008-09	33	101	4.42	06	18	1.73	-	04	0.18	39	115	5.97
2009-10	39	115	5.97	04	12	0.36	03	11	0.16	40	116	6.17
2010-11	40	116	6.17	19	78	7.85	-	22	1.63	59	172	12.39
2011-12	59	172	12.39	12	48	5.36	-	03	0.06	71	217	17.69
2012-13	71	217	17.69	12	51	4.17	-	01	0.07	83	267	21.79
2013-14	83	267	21.79	14	76	6.28	21	76	10.48	76	267	17.59
2014-15	76	267	17.59	15	89	13.96	11	66	3.62	80	290	27.93

The Government arranges *ad-hoc* Committee meetings between the Department and AG's office to settle the old paragraphs. It would be evident from the above table, against 17 outstanding IRs with 50 paragraphs as at the end of June 2006, the number of outstanding IRs increased to 80 with 290 paragraphs at the end of June 2015. This is indicative of the fact that adequate steps were not taken by the Department in this regard resulting in addition of the outstanding IRs and paragraphs.

4.1.7.2 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last ten years, those accepted by the Department and the amount recovered are mentioned in the following table:

Table No. 4.1.13:

(₹ in crore)

Year of Audit Report	Number of paras included	Money value of the paras	Number of paras accepted including money value	Money value of accepted paras	Amount recovered during the year	Position of recovery of accepted cases as of 30-11-2015
2004-05	-	-	-	-	-	-
2005-06	1	0.05	1	0.05	-	-
2006-07	1 ²	0.06	-	-	-	-
2007-08	1	0.34	1	0.34	-	0.22
2008-09	3 ³	6.76	3	6.76	0.00 ⁴	0.11
2009-10	3	1.74	2	1.16	Nil	0.60
2010-11	3 ⁵	3.12	3	3.12	0.05	0.36
2011-12	1	0.87	1	0.87	0.02	0.07
2012-13	1	1.51	1	1.51	Nil	0.22
2013-14	3 ⁶	11.17	3	6.06	Nil	Nil
Total:	17	25.62	15	19.87	0.07	1.58

It is evident from the above table that the progress of recovery even in accepted cases was very slow throughout during the last ten years. The recovery of accepted cases was to be pursued as arrears recoverable from the concerned parties. During the last ten years, 17 paragraphs involving ₹ 25.62 crore were featured in the Audit Reports, of which 15 paragraphs involving ₹ 19.87 crore had been accepted by the State Government, of which ₹ 1.58 crore had been recovered (6.21 per cent).

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

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

The draft Performance Audits (PAs) conducted by the AG are forwarded to the concerned Department/Government for their information with a request to furnish their replies. These PAs are also discussed in Exit Conference and the Department's/Government's views are incorporated/considered while finalising the Audit Report.

The following PAs on the Department of Finance (Excise & Taxation) Department, and Transport Department featured in the last five years from 2009-10 to 2013-14

² 1 para (Para No. 6.15) has been referred to the State Government.

³ Including one Review.

⁴ Negligible figure amounting to ₹ 3,280 only.

⁵ Including one Review.

⁶ Including one Review

Reports. The number of recommendations and their status is given in the following table:

Table No. 4.1.14

Year of Report	Name of the PA	No. of recommendations	Status
2010-11	PA on 'Cross Verification of declaration forms used in Inter-State Trade'	5	Government reply received but they did not address to any recommendations pointed out by the Comptroller and Auditor General of India. The PA is yet to be discussed in the PAC.
2011-12	Computerisation of Transport Department in Tripura	7	So far no reply is received. The PA is still pending for discussion in PAC.
2013-14	Computerisation of Value Added Tax (VAT) Systems in Tripura	4	So far no reply is received. The PA is still pending for discussion in PAC.

4.1.9 Audit Planning

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

During the year 2014-15, there were 31 auditable units, of which 16 units were planned and 23 units had been audited, which is 74 *per cent* of the total auditable units.

Besides, the compliance audit mentioned above, one IT Audit on "Computerisation of Land Records" was also taken up during 2015-16.

4.1.10 Results of Audit

Position of local audit conducted during the year

Test-check of the records of 23 units of Sales Tax/Value Added Tax, State Excise, Registration, Motor Vehicles and other departmental offices conducted during the year 2014-15 showed under assessment/short levy/loss of revenue/non - realisation of outstanding revenue aggregating to ₹ 10.35 crore in 67 cases. During the course of the year, the departments concerned accepted under assessment and other deficiencies of ₹ 3.16 crore involved in 20 cases which were pointed out in audit during 2014-15. Of these the Department recovered ₹ 0.01 crore involving three cases.

4.1.11 Coverage of this Report

This Report contains one Performance Audit (IT) on “Computerisation of Land Records” and two Compliance Audit paragraphs involving financial effect of ₹ 1.53 crore.

The Departments/Government have accepted audit observations involving ₹ 1.53 crore and an amount of ₹ 23.38 lakh was recovered. The replies in the remaining cases/paragraphs have not been received (November 2015).

REVENUE (Land Records and Settlement) DEPARTMENT

4.2 IT Audit on Computerisation of Land Records

Computerisation of Land Records (CLR)/National Land Records Modernisation Programme (NLRMP) is a project implemented in phases over a period of time and upgraded from time to time. Functioning of various activities and processes related to the project, their close monitoring and need based timely intervention are of utmost importance for successful implementation of the project. Revenue Department implemented “Jami” a web based application software in revenue circles for Computerisation of Land Records. The implementation of CLR/NLRMP is yet to be fully completed. As a result of limitations in the software, database and system design, the detection of duplicates/errors/blanks in database, automated generation of mutation notice after registration, etc. could not be generated using the system. The findings are highlighted below.

Highlights:

There was no monitoring and evaluation of the implementation of the programme.

(Paragraphs 4.2.8.1 and 4.2.8.2)

After three years of full implementation of online system, the software had certain deficiencies like inadequate input and validation controls, and weak logical access controls.

(Paragraphs 4.2.10 and 4.2.12.1)

Though land records database was integrated with the registration process, but the automated generation of mutation notices at revenue circles was not envisaged in system leading to manual processing in generation of mutation notices.

(Paragraph 4.2.8.3)

Areas of land as captured in the database were not matching with the manual survey reports maintained at *Tehasil* level.

(Paragraph 4.2.10.1)

Vital information like plot number, area of land, class of land/land type were missing or invalid in database thus rendering the data incomplete and inconsistent.

(Paragraph 4.2.10.2)

There was high risk of data non availability in case of failure of local servers in the Sub Registrar Offices.

(Paragraph 4.2.11.1)

4.2.1 Introduction

To modernise the management of land records, minimise scope of land/property disputes, enhance transparency in the land records maintenance system and to ensure conclusive titles of immovable properties in the country, the Government of India (GoI), Ministry of Rural Development (MoRD), Department of Land Resources (DoLR), initiated (1988-89) a 100 *per cent* centrally sponsored scheme namely “Computerisation of Land Records” (CLR). Another scheme namely “Strengthening of Revenue Administration and Updating of Land Records” (SRA&ULR) under 50:50 central-state scheme was also introduced. Subsequently, these two schemes were merged in to National Land Records Modernisation Programme (NLRMP) during 2008-09 by the Department of Land Resources (DoLR), Ministry of Rural Development. The activities supported under the Programme, included computerisation of land records including mutations, digitisation of maps and integration of textual and spatial data, survey/re-survey and updation of settlement records including creation of cadastral records wherever necessary, computerisation of registration and its integration with the land records maintenance system, development of core Geospatial Information System (GIS) and capacity building.

By way of implementing CLR in the state of Tripura, the State Government made progress towards achieving the citizen centric goals of providing fast service to the citizens and efficiently handling the wide aspect dealing with land records. Through, it took long time to achieve milestones, audit views this positively because the state suffered long term insurgency. This IT Audit primarily aims at identifying current gaps so that future improvements are affected accordingly.

In Tripura, the CLR scheme was first implemented in North Tripura District on a pilot basis during 1991-92. Subsequently the scheme was extended to other districts of Tripura during 1993-94. The software was developed by National Informatics Centre (NIC) on Unix platform with FoxBASE as database. Subsequently, in January 2000, NIC developed a new software called “JAMI” on Windows platform with MS Access as database. The application software was further updated in August 2004 using Windows platform and SQL Server database and made operational in revenue circles of Tripura in phases during 2004-10. The central database hosted at the State Data Centre was managed by Tripura State Computerisation Agency and web based online system had been implemented in Revenue circles during 2012. Computerisation of Registration process had also been implemented in all Sub Registrar Offices (SROs) and the process was integrated with the land records database.

4.2.2 Financial position

Prior to introduction of modified scheme i.e. NLRMP, ₹ 7.38 crore under CLR and ₹ 12.09 crore under SRA&ULR was released by GoI as central share and ₹ 11.24 crore was simultaneously released by State Government as state share under SRA&ULR. The entire amount was utilised by the State Government.

Under the modified scheme, ₹ 22.34 crore was released by GoI as central share and ₹ 0.78 crore was released by the State Government as state share in the period 2008-15. The year wise release of funds by GoI under NLRMP and utilised by the State during the period from 2008-09 to 2014-15 are shown in the Table given below:

Table No. 4.2.1

(₹ in lakh)

Year	Central share			State share	
	Sanctioned	Released	Expenditure	Released	Expenditure
2008-09	362.23	271.68	0		
2009-10	307.50	230.63	0		
2010-11	258.37	155.02	87.96		
2011-12	196.05	117.63	379.21	78.00	78.00
2012-13	0	349.19	263.01		
	759.20	471.20			
2013-14	57.28	57.28	372.11		
2014-15	969.56	581.73	162.43		
Total:	2910.19	2234.36	1264.72	78.00	78.00

4.2.3 Organisational set up

Revenue Department (Land Records and Settlement), headed by a Secretary is responsible for implementation of the scheme in the State. He is assisted by the Director of Land Records and Settlement (DLRS) and Tripura NLRMP Management Society at the State level. The DM & Collector at the District level, Sub Divisional Magistrate (SDM) and Sub Registrar at the Sub-Divisional level and Deputy Collector and Magistrate (DCM) at the Revenue Circle level are the respective implementing officers of NLRMP in the State.

4.2.4 Audit Objectives

The audit objectives were to ascertain:

- Whether the mechanism for monitoring and evaluation was adequate and effective and utilisation of fund and procurement was made efficiently and economically.
- Whether the integrity of data was maintained in system and whether data was complete;
- Whether the mapping of business rules was appropriately done; and
- Whether Security controls and Business Continuity Planning (BCP) were in place to ensure continuity of business; and

4.2.5 Audit Criteria

The following criteria were adopted for the IT Audit:

- Best practices in implementation of IT Systems
- CLR/NLRMP guidelines, instructions, circulars issued by GoI;

- Instructions/guidelines issued at State/District level for implementation of CLR/NLRMP;
- Tripura Land Reforms Act and Rules;
- State General Financial and Accounting Rules;
- Annual project proposals, physical and financial progress reports, audited statement of accounts and utilisation certificates submitted to the GoI.

4.2.6 Scope of Audit and Methodology

The scope of audit included various stages of implementation and funds management. The data of all 45 Revenue Circles captured into the computerised system since inception to May 2015 were examined in audit. Analytical check about data integrity and completeness were performed using 'Interactive Data Extraction and Analysis (IDEA)' an audit analytical tool. The IT audit was started with an entry conference with the Secretary, Revenue Department and other officers in April 2015. This was followed by collection of relevant information through replies to audit queries/memos, questionnaires, scrutiny of records through field visits, extraction and analysis of data, etc. The Directorate of Land Records and Settlement at the State level, four DM & Collectors⁷ (out of 8) at district level, SDMs, Sub Registrar Officers and 12 Revenue circles⁸ (out of 22) of selected districts were covered in audit. The result of scrutiny of records and database as well as analysis of documents collected during audit formed the audit evidence and the basis for audit observations. The draft report sent to the State Government (15 September 2015), reply is awaited.

Exit conference was held on 10 November 2015, with the Secretary to the Government of Tripura, Revenue Department. The replies of the Government (November 2015) have been incorporated appropriately in the report.

Audit findings

Audit findings in respect of various activities under the computerisation programme are discussed below:

4.2.7 Introduction of the system Jami

A web based Land Records Software 'Jami' was hosted at State Data Centre in 2012 for providing the following services:

- Work flow based online Mutation process and generation of computerised RoR.
- Integration of Registration process for automated generation of mutation notices.
- Generation of digitised Cadastral Maps.
- Biometric and Role based Authentication.
- Scanning of the Manual orders.

⁷ DM & Collector: Khowai, North Tripura, South Tripura and West Tripura

⁸ Revenue circle: Dukli, Agartala, Jirania, Mohanpur, Khowai, Teliamura, Belonia, Sabroom, Santirbazar, Dharmanagar, Kanchanpur and Panisagar

- Various MIS Reports
- KIOSK module for viewing RoR by the citizens.

Though computerisation of registration process and integration with land record database had been completed and implemented in all Sub Registrar offices, automatic generation of mutation notices at revenue circles on the basis of data uploaded during registration was not achieved as no such provision was made into the system. On receipt of application from the citizens, the mutation notices were being generated from the system after again entering the data manually.

Thus, the objective of automated processing of mutation cases was not yet fully achieved (July 2015).

The Government stated (November 2015) that necessary steps had been taken for immediate implementation of auto mutation process.

Moreover, the setting up of computer centres at *Tehasil* level for providing services to the citizens at the nearest land record offices was not also achieved in any of the *Tehasils* (July 2015).

The Government while admitting the facts stated (November 2015) that the procurement of computer had been completed and 60 *per cent* installation work had also been completed. The Government also stated (November 2015) that the internet connection to facilitate the computer centers would be provided by the Director of Information Technology in due course.

4.2.8 Monitoring and evaluation of the implementation of the programme

4.2.8.1 Monitoring

As per para 19 of NLRMP guidelines, two committees' one at State level and another at District level shall be constituted for monitoring and review the progress of implementation of the programme. It was observed that a State-Level Monitoring and Review Committee under the Chairpersonship of Chief Secretary and the District-Level Monitoring and Review Committee under the Chairpersonship of the District Magistrate and Collector (DM&C) was constituted by the State Government only in February 2015. This indicates that little monitoring and reporting system existed at both the level till February 2015. The State Level Monitoring and Review Committee held a review meeting in March 2015 but no review meetings were conducted by the District-Level Monitoring and Review Committee as of July 2015.

However, the Government stated (November 2015) that the district level review meetings had been held during October and November 2015 and the committees had also been requested to convey review meeting regularly.

4.2.8.2 Evaluation

As per NLRMP guidelines, the State was to carry out concurrent evaluation and impact assessment in each district through in-house teams/experts to assess the on-site progress *vis-à-vis* deliverables of the sanctioned projects and suggest measures for

improving the system and results of concurrent evaluation must be intimated to the DoLR. However, no periodical monitoring and evaluation mechanism was in place.

The Government stated (November 2015) that evaluation was always done in the State level monthly meeting and based on which progress report was sent to DoLR at regular interval. However, no supporting records for said assertion were made available to audit for verification.

4.2.8.3 Delay in finalisation of Mutation cases

Before implementation of computerised system, the applications for mutation of land holdings were received at *Tehasils* and notices were issued to the parties for hearing. After completion of mutation process, the application including hearing reports were sent to the Revenue circle for approval and issue of new Right of Records (RoR). It was observed that after implementation of computerised system, manual processing still continued such as providing manual MR (Mutation Register) case number on the application and parallel maintenance of Mutation register at *Tehasils*. After giving manual MR case number, the application would be sent to the revenue circles for generation of computerised mutation notice which in turn was returned to the *Tehasilder* for issuing to the applicants for hearing. On completion of hearing, the hearing reports including other documents are again being sent to the Revenue circles for incorporation in the computerised system and issuing of new RoRs. Analysis of the database revealed that in 1,48,645 cases as shown in **Appendix-4.2.1**, the new RoRs were issued to the citizens with delay ranging from more than one to more than four months. This showed that efficiency of mutation process actually declined after introduction of computerisation.

Analysis of the database revealed that as of May 2015 there were 80,503 mutation cases pending with *Tehasil* offices for more than three months, 3355 cases for more than two months and 5,117 cases were pending for more than one month from the date of receipt of applications. The Revenue circle wise numbers of mutation cases pending are shown in **Appendix-4.2.2**.

This indicates that there was no effective monitoring of the timelines in the process of mutation and giving RoRs.

However, in reply (November 2015) to audit observation the Government stated that the concept of the finalisation of mutation cases within 60 days was introduced since August 2012 and the pending mutation cases were reduced to 9341.

4.2.8.4 Delay in completion of Registration process on account of delay in scanning of deed documents

In computerised system, after registration, the deed documents are scanned and stored in the local server maintained in each sub registrar office before delivering deed documents to the citizens. Analysis of the database revealed that out of 81,404 deeds registered through online computerised system, in 14,849 cases as shown in **Appendix-4.2.3** sale deeds were given to the citizens with a delay ranging from more

than one month to more than four months because of delay in scanning of deed documents. Hence, due to delay in completion of the scanning of deed documents, the objective of providing faster service to the citizens could not be achieved after implementation of computerised system.

The Government stated (November 2015) that the concept of delivery of deeds within three days has been introduced in the system from November 2012 and the pending registration cases were reduced to 551.

4.2.8.5 Continuation of manual system in addition to computerised system

Computerisation of Registration process had been implemented in all Sub Registrar Offices and the process was integrated with the land records database. In computerised system, after registration the deed documents are scanned and stored in the local server maintained in each sub registrar office for future requirements. But, the preservation of deed documents in prescribed paper and formats were still continued even after introduction of scanning and storing of registered deeds in computerised system. Hence, due to continuation of manual system in addition to computerised system the objective of reducing manual work was not fully achieved at the Sub Registrar offices.

The Government stated (November 2015) that steps had been taken for removal of pasting paper system and the implementation of new process is under progress.

4.2.9 Funds Management

4.2.9.1 Funds were not received from GoI in a timely manner due to delay in utilisation of funds

The NLRMP was a Centrally Sponsored Programme (CSP) in which GoI share varied from 90 (75 *per cent* upto the year 2009-10) to 100 *per cent* while State share was 10 *per cent* for most components as per programme guidelines. The Nodal Department was to submit the financial proposals in the Annual Project Plans for consideration and approval of GoI. Central share was released in two installments. The first installment being 75 *per cent* of the sanctioned amount was released immediately after approval of the Annual project by the National level project sanctioning and monitoring committee. The second installment was to be released by GoI on submission of utilisation certificates of 60 *per cent* of total amount of first installment, progress reports and audited accounts of previous financial years, etc. The status of release of funds by GoI and expenditure incurred during 2009-15 was as under:

Table No. 4.2.2

(₹ in lakh)

Year	Central Share				Total fund available	Actual expdr.	Closing Balance	% of unspent money
	Sanctioned by GoI	1 st Installment	2 nd Installment	Total				
2008-09	362.23	271.68	0	271.68	271.68	0	271.68	100%
2009-10	307.50	230.63	0	230.63	502.31	0	502.31	100%
2010-11	258.37	155.02	0	155.02	657.33	87.96	569.37	86.62%
2011-12	196.05	117.63	0	117.63	687.00	379.21	307.79	44.80%
2012-13	0	0	349.19	349.19	1128.18	263.01	865.17	76.69%
	759.20	471.20	0	471.20				
2013-14	57.28	57.28	0	57.28	922.45	372.11	550.34	59.66%
2014-15	969.56	581.73	0	581.73	1132.07	162.43	969.64	85.65%
G. Total	2910.19	1885.40	349.19	2234.36		1264.72	969.64	

Audit observed that the State Government could not utilise the prescribed ceiling of 60 per cent amount of first installment in any of the financial years during the period from 2008-09 to 2011-12 due to which State Government could not avail second installments of Central share in time.

While accepting the facts, the Government stated (November 2015) that much of time was consumed to observe various procedure for utilisation of fund. It further stated that the UC had been sent to GoI in September 2015 for releasing of second instalment for the year 2012-13 and expected to be released by GoI soon.

4.2.9.2 Utilisation of funds for Establishment of District Level Data Centre

For setting up of District Level Data Centre @ ₹ 6.37 lakh was provided by the DLR&S to four DM & Collectors (Dhalai, West Tripura, South Tripura (now Gomati), North Tripura (now Unakoti) in September 2010 and an additional amount of ₹ 10.00 lakh was provided to DM & Collector, West Tripura. However, scrutiny of the records of four districts revealed that though necessary procurement of computer hardware and peripherals had been made by them for creation of District Level Data Centre, but no computerised land records data had been maintained at district level. Thus, the expenditure incurred for establishment of District level data centre remained idle.

The Government stated (November 2015) that due to introduction of web-enabled database system and centralised database at State Data Centre, keeping computerised land records data at district level has become redundant.

4.2.9.3 Utilisation of funds for setting up of Computer Centre at Sub Division level

For setting up of computer centre at Sub Division level ₹ 68.00 lakh (@ ₹ 4.00 lakh each) was provided to 17 Sub Divisional Magistrates (SDMs) in March 2009. However, scrutiny of records of eight SDMs⁹ revealed that though necessary

⁹ Belonia, Sabroom, Shantirbazar, Dharmanagar, Kanchanpur, Khowai, Teliamura, Sadar

procurement of computer hardware and peripherals had been made by SDMs, but no separate computer centre for CLR/NLRMP had been setup at Sub Divisional offices.

4.2.9.4 Scanning of old deed documents – payments made thereof

One of the components of NLRMP was preservation of old deed documents for distribution of copies of registered deeds and issuance of non-encumbrance certificates. For preserving and archiving the old deed documents for future reference, such documents would need to be scanned and stored at each SRO and make data entry of legacy encumbrance data to create the quick search facility for encumbrances.

Scrutiny of records of DM, SDMs and SROs of four districts (West Tripura, South Tripura, North Tripura and Khowai) revealed that the scanning and data entry of legacy encumbrance data had been carried out through local firms at the lowest rates quoted by them. Initially, the DM & Collectors issued work orders (February 2012 and March 2013) without any terms and condition for making payments, but subsequently (October 2013) the DLR&S issued an instruction for making payment of 70 per cent of the value of works only on receipt of certificate from the firm that 100 per cent of data entered into the system had been verified by the firms with original deeds. The remaining 30 per cent payment would be made after completion of verification by the Government officials. But, due to delay in issuing of instruction by the DLR&S, the payment of ₹ 32.13 lakh was made to the firms for data entry and scanning of 13,22,547 (19,21,497 – 5,98,950) pages for which no certificate could be obtained from the firms. The details are given in the Table below:

Table No.4.2.3

Name of District and SRO	Rate allowed per page (in ₹)	Scan completed		Data verified by the firm		Data verified by the Govt. officials		Value of works done as per instruction of DLR&S (₹ in lakh)	Amount payable (₹ in lakh)	Amount paid (₹ in lakh)	Paid in excess of the admissible amount (₹ in lakh)
		No. of deeds	No. of pages	No. of deeds	No. of pages	No. of deeds	No. of pages				
West Tripura SRO, Sadar	4.87	359320	1194900	65959	197887	65959	197887	9.64	9.64	36.64	27.00
South Tripura SRO, Belonia	3.00	82940	212196	45586	116560 (aprox)	45586	116560	3.50	3.50	4.34	0.84
South Tripura SRO, Sabroom	3.00	15245	40315	643	1580 (aprox)	643	1580	0.05	0.05	1.12	1.07
North Tripura SRO, Dharnanagar	4.56	115298	247782	48609	111216	48609	111216	6.26	6.26	5.00	0.00
North Tripura SRO, Kanchanpur	4.65	5536	15117	5536	15117	5536	15117	0.68	0.68	0.68	0.00
Khowai SRO, Khowai	4.56	62652	211187	46456	156590 (aprox)	46456	156590	7.14	7.14	10.36	3.22
Total:		642130	1921497	212789	598950	212789	598950	27.27	27.27	58.14	32.13

Further, scrutiny of records revealed that the deed documents so far scanned and legacy data entries about encumbrances made into the computerised system was not yet taken over by the respective SRO (July 2015) and lying within the custody of the firms which indicated that the handing over the legacy data and scanned deed

documents with the department was not ensured by the departments before making payment to the firms.

The Government stated (November 2015) that all recorded data had been collected by the Director of Land Records and Settlement and restored in a central location. It was also stated that necessary instructions would be issued to the SROs to obtain certificates from the concerned firms before payments are made to them.

4.2.10 Input and Validation Controls

4.2.10.1 Total area of land was not matched with the database and Survey Reports

While comparing the survey reports of test checked 281 revenue *moujas* in 12 revenue circles with the database, it was noticed that the area of land as shown in the survey reports did not match with the data as captured in the database table maintained for plot wise area of land. In 224 revenue *moujas* more areas of 17,651.80 acres and in 57 revenue *moujas* less areas of 545.89 acres were captured in the database as shown in **Appendix-4.2.4(a)** and **4.2.4(b)**. Any analysis or generation of reports based on these database would be incorrect and unreliable. Thus, capturing of incorrect data made the database unreliable.

In reply (November 2015) the Government stated that one of the important factor was the existence of duplicate plots in the database. However, corrective measures would be taken to rectify the data and to remove the duplicate plots.

4.2.10.2 Lack of input and validation controls leading to duplicate records and invalid values in the database.

Adequate input and validation controls ensure that the data received for processing are genuine, complete, correct, not duplicate and properly authorised. Audit noticed that extent of data errors and inconsistencies was less when compared to the situation found by audit in last review (Audit Report 2006-07). However, following cases were observed:

- 22,947 plot numbers out of 29,09,009 were entered more than once under different *Khatians*¹⁰ of the same *mouja* which led to the same plots numbers were captured against more than one landholders. The Revenue circle wise numbers of cases having duplicate plot number are shown in **Appendix-4.2.5**.

The Government stated (November 2015) that necessary steps had been taken to bring down the duplicate plots to zero level.

- Area of a plot should be a positive value. But, during analysis of the database, it was noticed that the area was captured as “zero” or negative value against 773 plots as shown in **Appendix-4.2.6**. Capturing of incorrect area of plot made the database unreliable.

¹⁰ Khatian: Records of Rights (RoR)

The Government stated (November 2015) that the existence of “zero” plot area were due to creation of *khatians* without plot numbers during revisional survey period as multi-landowners’ name could not be accommodated in a single *khatian*. However, necessary rectification would be done in the database accordingly.

- The plot number should also be a positive value. But, in 393 cases the plot number was captured either ‘zero’ or negative value or in decimal point though area of land was in existence against such plots resulted in the identification of these plots was not feasible.

The Government stated (November 2015) that the existence of ‘zero’ or negative plot numbers were due to data entry mistake. However, necessary rectification would be done in the database on the basis of manual records. Further NIC was being requested to ensure to proper validation control in the application software so as to prevent zero or negative plot numbers in the database.

- The land class column was left blank in 7,007 records. Due to non-capturing of data in crucial field the government would not get the correct information on any class of land for taking any decision or making policy.

The Government stated (November 2015) that the cases of land class as left blank would got examined through field staff and necessary rectification would be done in pursuance of extant rules.

- Master Data maintenance
 - The land type like as ‘*Nal*’ i.e. cultivable, ‘*Tilla*’ i.e. useable for construction of house or other purpose etc. were required to be indicated against each piece of land/plot. As per master table as maintained in the database for description of type of land code, the description of land type code 4 was left blank though there was 15,72,991 records (54.07 per cent) in the database having land type code with value of 4. Incidentally there was no documentation or Government statutes defining the code 4.
 - In the database the Landowner’s status column i.e. Allotee¹¹, Rayati¹² etc. was left blank in 1,69,052 records as shown in **Appendix-4.2.7**.

The Government stated (November 2015) that the cases of landowner’s status as left blank would be examined through field staff and necessary rectification would be done in pursuance of extant rules.

These errors occurred due to lack of appropriate check/validation controls at the time of creation of database. Any analysis and generation of reports based on incomplete/incorrect database is likely to generate incomplete information. Thus, non-

¹¹ Allotee: A landowner to whom government khash land was allotted by the government.

¹² Rayati: A landowner who purchased land from other landowners.

capturing of data in crucial fields or capturing of incorrect data made the database unreliable.

4.2.11 Mapping of Business Rules

4.2.11.1 Scanned deed documents were not captured in the central database

Deed documents were required to be scanned in order to provide copies of the registered deeds to the buyer(s) and issuance of non-encumbrance certificates. Scrutiny of records/ database revealed that the scanned deeds documents were not stored into the database maintained centrally at State Data Centre. The scanned deeds documents were stored in the stand alone servers maintained locally in the Sub Registrar Offices. Thus, scanned deeds documents could not be viewed through online web based system. Additionally there was risk of data non availability in case of failure of local servers. It was also observed that backups in all Sub Registrar Office was being stored in the same premises which was a major risk factor as restoration of data would be very difficult in case of disasters.

In reply (November 2015) the Government stated that NIC is now developing a software module which would automatically compress and transmit the scanned documents to the Central Server.

4.2.11.2 Digitisation without updating the Cadastral Maps

The process of digitisation of cadastral maps had been completed for all revenue *moujas*¹³ of all 45 revenue circles based on records updated during last survey/resurvey conducted by the department and integrated with Records of Rights (RoR) data. The cadastral maps of the 796 revenue *moujas* were digitised based on the land records/maps updated during survey/revisional survey conducted prior to the year 2000 and 78 *moujas* based on last revisional survey conducted during the period from 2001 to 2013. As such, the ownerships of the portion of plots changed due to mutation or other reasons after last revisional survey, was not reflected in the digitised maps and the citizens had to go at *Tehasil* office for getting updated maps prepared manually. Thus, due to non-updation of cadastral maps, the citizens/Government departments were not getting benefits of digitised cadastral maps.

In reply (November 2015) the Government stated that the updation of cadastral maps had been started by using a module 'Bhunaksha' developed by NIC recently.

¹³ *Mouja*: A part of land area of Revenue Circles. It consists of a number of lands pieces having unique plot numbers.

4.2.12 Security Control and Backup Policy

4.2.12.1 Logical access controls

Logical access controls are aimed at protecting computer resources (data, programs and terminals) against unauthorised access attempts. It was observed in audit that the department neither had policy for maintaining IT security nor any well-defined and documented password policy which was evident from the following shortcomings:

- Though facility was provided in the application software for changing/updating the passwords by the users themselves, but it was not made mandatory for which default password given at the time of creation of user ID was being used by 111 users created during the period from July 2011 to December 2012 and 71 users did not change their password during last six months i.e. since January 2015.
- In the case of the database of Registration, it was observed that the password was not encrypted. Further, user name and password was same in case of 11 users, only three/four letter like 123, STRO, DEO, 456, etc. were used as password by 23 users.
- In the case of active users, there was 19 numbers of active users for SROs against 15 Sub Registrar offices and 93 numbers of users for DCMs against 45 Revenue circles which indicated that the user IDs created for DCMs and SROs were not deactivated after transfer/retirement of the concerned officers.

The Government stated (November 2015) that direction had been given to the NIC to mandate change of default password and encrypt the user password.

4.2.12.2 Inadequate assets management system

No Inventory/Assets Register of IT assets created under CLR/NLRMP was maintained either in DM/SDM offices, in 12 Revenue circles and in six Sub Registrar offices test checked. Further, a periodical physical verification of Assets is required to be done to ensure the availability and condition of the assets, but the same was also never done as of July 2015. Because of non-conducting of such verification, the possibility of theft, misuse of assets etc. could not be ruled out. However, in reply (November 2015) the Government stated that instruction would be issued to the concerned DMs to maintain Assets Register henceforth.

4.2.12.3 Lapses in maintenance of Hardware

- The computer hardware and peripheral were not covered under any maintenance contract so as to facilitate regular services and preventive maintenance.
- The uninterrupted power supply (UPS) systems were also found not working in five¹⁴ out of 12 Revenue circles test checked.

¹⁴ Belonia, Panisagar, Kanchanpur, Santirbazar and Teliamura

The Government replied (November 2015) that necessary steps are being taken by the concerned offices for maintenance and repairing of non-functioning computers and UPSs.

4.2.12.4 Machineries and equipment remained unutilised

Scrutiny of records revealed that 17 Plotters were procured during 2009-10 at a cost of ₹ 29.41 lakh from HP India Sales Ltd. as per DGS&D rate contracts which were installed at different Revenue circles. Necessary training on 'Operation of Plotter' was also provided to 23 officials. However, during the course of audit it was noticed that nine plotters were not put to use (July 2015) in nine¹⁵ Revenue circles (out of 12 Revenue circles) test checked.

The Government replied (November 2015) that necessary training on operation of plotter has been given to enable use of plotter machine. However, plotters in nine Revenue circles had not been put to use in spite of providing training for operation of plotter machines.

4.2.13 Conclusions

Audit of CLR/NLRMP project revealed deficiencies in the software, database and system design. Presence of duplicate plot numbers were noticed. Manual intervention for generation of mutation notice, deficiencies in data entry and validation checks led to non-utilisation of the full potential of JAMI Software.

4.2.14 Recommendations

- The Department may strengthen data validation mechanism by modifying the software so as to ensure detection of invalid data inputs and duplicate records.
- The digitised Cadastral Maps may be updated regularly.
- The Department may devise a user access mechanism to check user accounts at periodic intervals to deactivate dormant users and also make encryption of password and mandatory change of password at prescribed intervals.

¹⁵ Belonia, Sabroom, Santirbazar, Dharmanagar, Kanchanpur, Jirania, Mohanpur, Khowai and Teliamura.

FINANCE (EXCISE & TAXATION) DEPARTMENT

4.3 Short-levy of Tax

Due to concealment of turnover by the dealers which escaped notice of the assessing authorities, non submission of audited Accounts and collection of sum by way of tax by unregistered dealer resulted in short levy of VAT of ₹ 5.91 lakh, leviable interest of ₹ 3.63 lakh and penalty of ₹ 7.75 lakh.

Section 25 (1) (C) and 45 (4) of the Tripura Value Added Tax (TVAT) Act, 2004 provides that if the Commissioner is satisfied that the dealer fails to pay the amount of tax due as per return for any tax period; or furnish revised return showing a higher amount of tax to be due that was shown by him in the original return; or fails to furnish return; such dealer shall be liable to pay interest in respect of tax payable by him according to the return, or the difference of the amount of tax according to the revised return; or the tax payable for the period for which he has failed to furnish return; at the rate one and a half *per cent* per month from the date the tax payable had become due to the date of its payment or the date of order of assessment, whichever is earlier.

Section 25 (3), 31(5) and 75A of the TVAT Act, 2004 further provides that if a registered dealer, without sufficient cause, fails to pay the amount of tax due and interest along with return or revised return the Commissioner may, after giving the dealer reasonable opportunity of being heard, direct him to pay in addition to the tax and interest payable by him a penalty not exceeding one and half times of the tax due but which shall not be less than ten *per cent* of that amount.

Section 53 (3) of TVAT Act, 2004 also provides that where in any particular year, the gross turnover of a dealer exceeds ₹ 40 lakh or such other amount as the Commissioner, may by notification in the official gazette specify, then such dealer shall get his accounts audited by an accountant within six month from the end of that year. In case of non-compliance of the above the Commissioner shall, after giving the dealer a reasonable opportunity of being heard impose on him, in addition to any tax payable, a sum by way of penalty equal to 0.1 *per cent* of the turnover as he may determine to the best of his judgment in his case in respect of the said period.

Further, Section 39 (2) of TVAT Act, 2004, provides that if any person not being a dealer liable to pay a tax under this Act, collects any sum by way of tax shall be liable, in addition to the tax for which he may be liable, to pay a penalty to an amount equal to twice the sum so collected by way of tax.

Audit (July 2013 - February 2015) of records of six Superintendents of Taxes¹⁶ revealed that in eight assessment cases pertaining to six dealers for the period 2008-09

¹⁶ (1) Superintendent of Taxes, Charge-I, Agartala; (2) Superintendent of Taxes, Charge-II, Agartala (3) Superintendent of Taxes, Bishalgarh, (4) Superintendent of Taxes, Udaipur, (5). Superintendent of Taxes, Belonia and (6). Superintendent of Taxes, Kailashahar.

to 2012-13 finalised during the financial years 2012-13 and 2014-15, there was concealment of turnover by the dealers which escaped notice of the assessing authorities at the time of assessment resulting in short levy of tax of ₹ 5.91 lakh (VAT), leviable interest of ₹ 3.63 lakh (**Appendix-4.3.3**) and penalty of ₹ 0.97 lakh (**Appendix-4.3.1**).

It was also noticed that M/s Manindra Sikder failed to furnish audited accounts and hence he was liable to pay penalty of ₹ 0.43 lakh **Appendix-4.3.1(II)** under Section 53 (3) of TVAT Act, 2004.

Further, M/s Loknath Hotel, M/s Pradip Biswas and M/s Md. Zamal Uddin not being registered dealers collected sum by way of tax, but the assessing authority imposed penalty @ 150 per cent U/s 75 (A) instead of twice the sums so collected as provided U/s 39 (2) of TVAT Act, 2004. This resulted in short levy of penalty amounting to ₹ 6.35 lakh **Appendix-4.3.1(I)**.

Thus, due to concealment of turnover by the dealers which escaped notice of the assessing authority, non-submission of audited Accounts and collection of sum by way of tax by unregistered dealers resulted in short levy of VAT of ₹ 5.91 lakh, leviable interest of ₹ 3.63 lakh and penalty of ₹ 7.75 lakh¹⁷.

The Commissioner of Taxes and Excise stated (October 2015) that in case of three dealers (SL No. 2, 3 and 4 of **Appendix- 4.3.1**), ₹ 4.34 lakh had been recovered. Further development for the remaining cases were awaited (November 2015).

The matters were reported (June 2015) to the Government; reply had not been received (November 2015).

4.4 Unjust enrichment of Bonded Warehouses

Differential amount of ₹ 21.97 lakh on account of revision of import fee of Liquor and Beer collected by Bonded Warehouses from the retail vendors resulted into unjust enrichment to the Bonded Warehouses.

As per provision of Sub-Rule (2) of Rule 5 of the Tripura Excise {Import of Indian Made Foreign Liquor (IMFL) and Beer} Rules, 1996, the licensees of the Bonded Warehouses¹⁸ (BWHs) are liable to pay import fees in advance to the respective Authority (the Collector of Excise). The import permits are obtained by the BWHs on advance payment of import fee at the rates fixed by the State Government from time to time which is reimbursable from the retail vendors on sale. The BWHs while supplying liquor to the retail licensed vendors realised an import fee along with other component like Excise Duty, Value Added Tax and other cost dues including cost of sales of liquor.

¹⁷ ₹ 0.97 lakh + ₹ 6.35 lakh + ₹ 0.43 lakh

¹⁸ Bonded warehouse means the place where any intoxicants e.g. India Made Foreign Liquor, Beer, etc. are imported, from outside the State, deposited or kept in any warehouse or other place of storage for supply to licensed retail vendors within the State under the authority and subject to the terms and conditions of a license issued by the Collector of Excise.

Scrutiny (May-August 2014) of records of three Superintendents of Excise¹⁹ relating to IMFL and Beer in respect of four²⁰ Bonded Warehouses disclosed that the closing stock available with these Warehouses as on 6th November 2013 was 6,43,454 BL of IMFL and 4,29,886 BL of Beer. Of this quantity, 1,97,813 BL of IMFL was purchased from distilleries within the State for which no import fee was required. The balance stock (IMFL: 4,45,641 BL and Beer: 4,29,886 BL) was imported from outside the State against permits obtained at the payment of pre-revised rate (IMFL @ ₹ 12 and Beer @ ₹ 4). The rates²¹ of import fee per Bulk Litre (BL) of IMFL and Beer was revised to ₹ 15 and ₹ 6 from the existing ₹ 12 and ₹ 4 respectively with effect from 7th November 2013.

The scrutiny of the sales invoices of all the four BWHs pertaining to sales made to the licensed retail vendors from 7th November 2013 onwards revealed that these BWHs collected the import fee at the revised rate of ₹ 15 for IMFL and ₹ 6 for Beer from the retail vendors.

Thus, with the enhancement of import fees with effect from 7th November 2013 and collecting the same at the revised rate on the entire stock of closing balance as of 6th November 2013 from the retail vendors, the BWHs were liable to pay import fee for the increased portion to the Government amounting to ₹ 21.97 lakh²² (₹ 3 per BL for IMFL and ₹ 2 per BL for Beer) as shown below:

Items	Quantity sold at revised rate (Bulk Litre)	Differential rate of import fee (₹ /BL)	Total extra amount realised by BWHs and not paid to Government (₹ in lakh)
IMFL	4,45,641	3	13.37
Beer	4,29,886	2	8.60
Total			21.97

Audit, however, observed that neither the Superintendents of Excise had raised any demand for the differential amount of import fee against the BWHs nor the BWHs paid the dues at their own. This resulted into unjust enrichment to the BWHs to the extent of ₹ 21.97 lakh (**Appendix- 4.4.1**).

On this being pointed out in audit, the Superintendents of Excise administering all the four BWHs stated (May 2014 and August 2014) that the demand would be raised against the defaulting BWHs for realisation of the Government revenue. The Commissioner of Excise, Government of Tripura informed (June 2015) that demand for ₹ 21.97 lakh had been raised, of which ₹ 19.04 lakh was realised (**Appendix- 4.4.1**) leaving a balance of ₹ 2.93 lakh.

¹⁹ 1. Superintendent of Excise, Agartala
2. Superintendent of Excise, Unokoti
3. Superintendent of Excise, Udaipur

²⁰ M/s Tripura Bonded Warehouse, Agartala; M/s Rajdhani Bonded Warehouse, Agartala; M/s Kumarghat Bonded Warehouse, Kumarghat and M/s Udaipur Bonded Warehouse, Udaipur.

²¹ The revised rate of import fee become effective vide Tripura Government Gazette Notification No. F.II-1(1)-Ex/2004, Dated: 6th November 2013.

²² ₹ 15 minus ₹ 12 = ₹ 3 and ₹ 6 minus ₹ 4 = ₹ 2 since 7th November 2013.