
EXECUTIVE SUMMARY

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Background

This Report on the Finances of the Government of Tripura is being brought out with a view to assess the financial performance of the State during the year 2015-16. The aim of this Report is to provide the State Government with timely inputs based on actual data so that there is a better insight into both well performing as well as ill performing schemes/programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government in Fiscal Responsibility and Budget Management Act, 2005 as well as in the Budget Estimates of 2015-16. A comparison has been made to see whether the State had given adequate fiscal priority to developmental expenditure and whether the expenditure had been effectively absorbed by the intended beneficiaries.

The Report

Based on the audited accounts of the Government of Tripura for the year ended 31 March 2016, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

Chapter-I is based on the audit of Finance Accounts and makes an assessment of the Government of Tripura's fiscal position as on 31 March 2016. It provides an insight into trends in committed expenditure and borrowing pattern besides a brief account of Central funds transferred directly to the State implementing agencies through off-budget route.

Chapter-II is based on audit of Appropriation Accounts and gives the grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter-III is an inventory of Tripura Government's compliance with various reporting requirements and financial rules. This chapter provides details on non-submission of annual accounts and delays in placement of Separate Audit Reports in the Legislature by the Autonomous Bodies. The report also has an appendage of additional data collated from several sources in support of the findings.

Audit findings and recommendations

Position of key fiscal parameters

The fiscal position of the State viewed in terms of key fiscal parameters – Revenue Surplus, Fiscal Deficit, Primary Deficit, etc. showed that the State had maintained Revenue Surplus during 2011-12 to 2015-16 but could maintain the Primary Surplus only during 2011-12 to 2013-14 which then turned to Primary Deficit from ₹ 367.35 crore in 2014-15 to ₹ 921.06 crore in 2015-16. During the current year, Revenue Surplus of the State decreased as compared to the previous year by ₹ 238.55 crore.

There was a Fiscal Deficit of ₹ 1,650.45 crore during 2015-16 as compared to ₹ 1,049.03 crore in 2014-15 which was an increase of 57 *per cent*.

Revenue Receipts

During the year 2015-16, ₹ 7,831.89 crore (83 *per cent*) of the total revenue was from Government of India, of which State Share of Central Taxes was ₹ 3,266.02 crore (35 *per cent*) and Grants-in-aid was ₹ 4,565.87 crore (48 *per cent*). The Tax Revenue of the State was ₹ 1,332.25 crore and constituted 14 *per cent* of the total revenue receipts. The Tax Revenue during 2015-16 remained below the normative assessment of ₹ 1,662.00 crore made by the XIV Finance Commission (XIV FC) for the State but it had remained above the State's own projections of ₹ 1,322.40 crore in Revised Estimate. The Non-tax Revenue was ₹ 262.60 crore which constituted 3 *per cent* of the Revenue Receipts (₹ 9,426.74 crore) which was below the projection made by the XIV FC (₹ 360.00 crore) and was also below the estimates made by the State (₹ 284.08 crore) for the year.

The Government should enforce adequate measures to increase own resources of revenue.

Expenditure of the State Government

During the year 2015-16, the Revenue Expenditure increased to ₹ 7,868.47 crore (71 *per cent* of the total expenditure) from ₹ 7,442.91 crore in 2014-15 recording a growth of 5.72 *per cent* over the previous year. Capital Expenditure in 2015-16 increased by ₹ 355.73 crore (12.56 *per cent*) over the previous year which as a percentage of total expenditure during the year was 29 *per cent*.

During the year 2015-16, the Development Expenditure (₹ 7,687.68 crore) increased by 8 *per cent* over the previous year and constituted about 69.39 *per cent* of the total expenditure. The relative share of the Revenue Development Expenditure was 41.75 *per cent* of the total expenditure while the share in respect of Capital Development Expenditure was only 27.64 *per cent*.

During the year 2015-16, Non-plan Revenue Expenditure (NPRE) on Salaries was ₹ 3,059.91 crore. NPRE on Salary component during 2015-16 was higher by ₹ 383.23 crore (14 *per cent*) as compared to the previous year.

Fiscal Correction Path

The Fiscal Deficit as percentage of Gross State Domestic Product (GSDP) of the State during 2015-16 stood at 4.97 *per cent* of GSDP against the target of Fiscal Deficit of 3.00 *per cent* as projected in the Tripura Fiscal Responsibility and Budget Management Act, 2005 for the year 2015-16.

Fiscal Liabilities

The percentage of outstanding liabilities to GSDP during 2015-16 was 31.32, which was lower than the projection (35 *per cent*) in the Medium Term Fiscal Policy Statement and the projection made by the XIV FC. During 2015-16, Interest Receipts as percentage of outstanding Loans and Advances by the Government was 1.58 *per cent* whereas interest paid by the Government as a percentage of outstanding liabilities was 12.95 *per cent*.

Investment and Returns

Investment of Government money in Government Companies and Statutory Corporations was increasing year after year and stood at ₹ 1,355.70 crore at the end of 31 March 2016 against ₹ 1,303.73 crore at the end of 31 March 2015. The average rate of interest on Government borrowings was 12.95 *per cent* during the year 2015-16.

The State Government may review the functioning of the Companies and Statutory Corporations to improve their efficiency.

Financial Management and Budgetary Control

The overall savings of ₹ 4,890.37 crore was the result of saving of ₹ 4,915.35 crore in 61 Grants/Appropriations offset by excess of ₹ 24.98 crore in five Grants/Appropriations. The excess expenditure over provision during 2011-12 to 2014-15 of ₹ 161.37 crore increased by ₹ 24.98 crore to ₹ 186.35 crore in 2015-16. This excess requires regularisation by the Legislature under Article 205 of the Constitution of India. Rush of expenditure was also observed at the end of the year 2015-16. In respect of 16 controlling officers, more than 50 *per cent* of the total expenditure during the year was incurred in the last month of the financial year. In 98 cases, there were savings of more than ₹ 20 lakh each. There were substantial savings of more than ₹ 25 lakh in 11 Grants under revenue account but more than 50 *per cent* of the same were not surrendered till the end of the year. The Abstract Contingent (AC) Bills were not adjusted for long periods thereby inviting the risk of fraud and misappropriation.

Budgetary controls should be strengthened in all the Government departments, particularly in the departments where savings/excess persisted for the last five years. A close and rigorous monitoring mechanism should be put in place by the Drawing and Disbursing Officers to adjust the AC Bills within sixty days from the date of drawal of the amount as required under the extant rules.

Financial Reporting

Reconciliation of the Government receipts and expenditure was done with that of expenditure booked in the books of the Accountant General (Accounts and Entitlement) by all the Controlling Officers during 2015-16.

However, the practice of not furnishing of Utilisation Certificates (UCs) in time against grants received, not furnishing of detailed information about financial assistance received by various Institutions and not submitting of accounts in time indicates non-compliance with financial rules. There were also delays in placement of Separate Audit Reports to Legislature and arrears in finalisation of accounts by the Autonomous Bodies/Authorities.

There is a need to ensure that the audit reports of the Autonomous Bodies are placed in the legislature on time and submission of UCs within the prescribed time should be obtained from the recipient of grants.

