

## **CHAPTER II: ECONOMIC SECTOR**

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### 2.1 Introduction

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

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

**Table 2.1.1:**

(₹ in crore)

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

**Source:** Appropriation Accounts – 2016-17.

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

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

(₹ in crore)

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

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

## 2.2 Planning and conduct of Audit

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

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

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

## PUBLIC WORKS DEPARTMENT (Roads & Buildings)

### 2.3 Idle Expenditure

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

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

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

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

<sup>1</sup> Semi-Permanent Timber bridge for plying light vehicles

<sup>2</sup> A Government of India undertaking

<sup>3</sup> 49 *per cent* above the estimated cost of ₹ 5.55 crore

<sup>4</sup> 22.22 *per cent* below the estimated cost of ₹ 14.02 lakh

<sup>5</sup> Out of total land of 0.62 acre, 0.08 acre was Government land

<sup>6</sup> The contractor was paid (March 2015) ₹ 1.20 lakh against the value of work done of ₹ 2.08 lakh



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

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

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

## 2.4 Wasteful expenditure

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

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

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

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

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

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

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

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

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

## 2.5 Wasteful expenditure

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

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

<sup>8</sup> Dense Bituminous Macadam

<sup>9</sup> Journal of Indian Roads Congress (IRC), Vol- 73 and specification of DBM published by IRC

<sup>10</sup> Estimated cost: ₹ 7.09 crore

<sup>11</sup> 14.99 per cent below the total estimated cost of the two works i.e. ₹ 7.55 crore

<sup>12</sup> 29 per cent above the estimated cost of ₹ 4.43 crore for road works and 55 per cent above the estimated cost of ₹ 2.12 crore for cement concrete works, both estimates based on TSR 2008

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

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

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

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

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

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<sup>13</sup> GSB = GSB base course is constructed with brick aggregate below the WBM layer as per the design.

<sup>14</sup> WBM = WBM base course is constructed with brick aggregate in two or three layers as per the design

<sup>15</sup> PMC = Bitumen with 20 mm stones executed over the WBM area

<sup>16</sup> SSC = Bitumen with sand laying over PMC

<sup>17</sup> From 17 January 2016

<sup>18</sup> Journal of Indian Roads Congress, Vol- 73



**Photograph 2.5.1: At Ch: 5.5 Km**



**Photograph 2.5.2: At Ch: 2.1 Km**



**Photograph 2.5.3: Near Gamaku School**

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

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

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

## **2.6 Wasteful expenditure**

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

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



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

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

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

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

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

<sup>19</sup> Journal of Indian Roads Congress (IRC), Vol- 73 and specification of DBM published by IRC

<sup>20</sup>

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

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