CHAPTER IV: ECONOMIC SECTOR
(State Public Sector Undertakings)

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4.1 Functioning of State Public Sector Undertakings

4.1.1 Introduction

The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The PSUs are established to carry out activities of commercial nature and occupy an important place in the State economy. As on 31 March 2020, there were 16 PSUs in Tripura. The details of the PSUs in Tripura as on 31 March 2020 are given in **Table 4.1.1**.

Table 4.1.1: Total number of PSUs as on 31 March 2020

Type of PSUs	Working PSUs	Non-working PSUs[75]	Total
Government Companies[76]	14	1	15
Statutory Corporations	1	-	1
Total	**15**	**1**	**16**

Source*: Finance Accounts 2019-20, Statement -19*

None of these PSUs were listed on the Stock Exchange. During the year 2019-20, one new PSU – Tripura Power Generation Limited[77] was included, and no existing PSU was closed down.

4.1.2 Investment in PSUs

4.1.2.1 State Government's investment in PSUs

The State's investment in its PSUs was by way of share capital/ loans and special financial support by way of revenue grants.

As on 31 March 2020, the investment of the State Government (capital and long-term loans) in 16 PSUs was ₹ 1,714.35 crore[78] as per details given in **Table 4.1.2**.

Table 4.1.2: Details of State's investment in PSUs

(₹ in crore)

Year	Equity Capital	Long term Loans	Total
2019-20	1508.00	206.35	**1714.35**
2015-16	1285.85	129.71	**1415.56**

The State Government investment as on 31 March 2020 consisted of 87.96 *per cent* towards capital, 12.04 *per cent* in long-term loans as against 90.84 *per cent* (capital) and 9.16 *per cent* (long-term loans) as on 31 March 2016. A graphical presentation of

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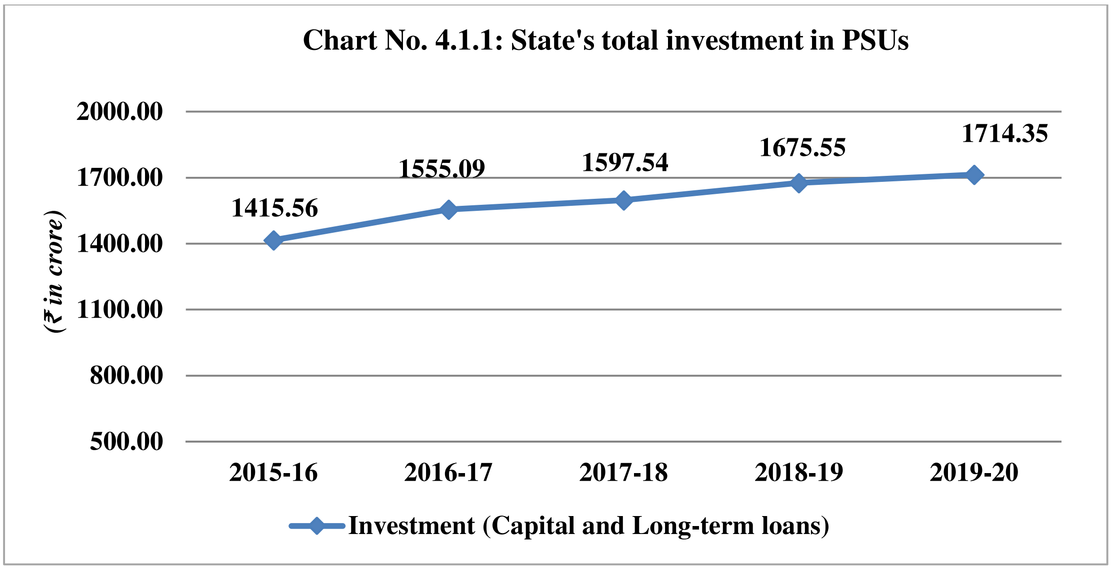
75 Non-working PSUs are those which have ceased to carry on their operations.

76 Government companies include Other Companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013.

77 Incorporated on 28 January 2015

78 Investment figures are provisional and as provided by the PSUs excepting two PSUs (Sl. No. A.6 and A.14 of ***Appendix 4.1.1***), investment figures for which have been adopted from their finalised accounts for 2019-20.

State Government investment in PSUs during last five years (2015-16 to 2019-20) has been given in **Chart 4.1.1**.



As can be seen from **Chart 4.1.1** that, the State Government's investment in PSUs during last five years showed an increasing trend. The State's investment grew by 21.11 *per cent* from ₹ 1,415.56 crore in 2015-16 to ₹ 1,714.35 crore in 2019-20.

During 2019-20, out of 14[79] working PSUs where State Government had made direct investment, nine PSUs incurred loss and only five PSUs earned profit (₹ 2.03 crore) as per their latest finalised accounts (**Appendix 4.1.1**). None of the five profit making PSUs had declared any dividend. There was no recorded information about the existence of any specific policy of the State Government regarding payment of minimum dividend by the PSUs.

The State Government's investment (historical value) in PSUs had eroded by 3.58 *per cent* in 2019-20, and the losses (*net of free reserves)* of four PSUs (accumulated losses of ₹ 429.76 crore) had completely eroded the State's investment in their paid-up capital (₹ 290.79 crore), as per their latest finalised accounts.

4.1.2.2 Total Sector-wise investment in PSUs

Total investment of State Government and Other Stakeholders (Central Government, Holding Companies, Banks, Financial Institutions, *etc.*) in PSUs under various important sectors at the end of 31 March 2016 and 31 March 2020 has been given in **Table 4.1.3**.

[79] Excluding Tripura Natural Gas Company Limited, which had no direct investment from the State Government.

Table 4.1.3: Sector-wise details of total investments in PSUs

(₹ in crore)

Name of Sector	Government/ Other Companies		Statutory Corporations		Total Investment	
	2015-16	2019-20	2015-16	2019-20	2015-16	2019-20
Power	665.75	1078.78	0.00	0.00	665.75	1078.78
Manufacturing	297.02	427.04	0.00	0.00	297.02	427.04
Financing	144.62	144.62	0.00	0.00	144.62	144.62
Service	88.09	161.39	160.01	163.85	248.10	325.24
Agriculture & Allied	61.37	76.25	0.00	0.00	61.37	76.25
Miscellaneous	14.77	30.00	0.00	0.00	14.77	30.00
Total	**1271.62**	**1918.08**	**160.01**	**163.85**	**1431.63**	**2081.93**

***Source**: PSUs data*

It can be seen from **Table 4.1.3** that as compared to 2015-16, the combined investment of State Government and Other Stakeholders increased significantly during 2019-20 in the Power sector (₹ 413.03 crore), Manufacturing sector (₹ 130.02 crore) and Service sector (₹ 77.14 crore).

The increase in investment under the Power sector was mostly due to loan availed from various sources (₹ 412.82 crore[80]). In Manufacturing sector, the increase in investment was mainly due to equity contribution of ₹ 130.02 crore provided by the State Government to Tripura Jute Mills Limited (₹ 113.12 crore) and Tripura Small Industries Corporation Limited (₹ 16.90 crore) over the period of four years (2015-19). In Service sector, the increase in investment was mainly due to equity contribution of ₹ 73.20 crore provided by the State Government to Tripura Handloom and Handicrafts Development Corporation Limited (₹ 61.03 crore) and Tripura Tourism Development Corporation Limited (₹ 12.17 crore).

4.1.3 Reconciliation with Finance Accounts

The figures in respect of equity and loans provided by the State Government as per the records of PSUs should agree with the corresponding figures appearing in the Finance Accounts of the State. In case of differences in the figures, the PSUs concerned and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2020 is given in **Table 4.1.4**.

Table 4.1.4: Equity, loans, guarantees outstanding as per the Finance Accounts *vis-à-vis* records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	1439.13	1508.00	68.87
Loans	56.75	206.35	149.60
Guarantee	359.57[81]	200.00	159.57

***Source**: Finance Accounts 2019-20 and PSUs records*

80 State Government = ₹ 76.59 crore, Central Government = ₹ 242.79 crore and Others = ₹ 93.44 crore

81 This represented the Guarantees outstanding against the Loans availed by Tripura State Electricity Corporation Limited (₹ 159.57 crore) and Agartala Smart City Limited (₹ 200.00 crore).

As on 31 March 2020, there were unreconciled differences in the figures of equity (₹ 68.87 crore), loan (₹ 149.60 crore) and guarantee (₹ 159.57 crore) as per two sets of records. The differences in equity occurred in respect of 12 PSUs[82] (three PSUs under the Agriculture and Allied sector, four PSUs under the Service sector, two PSUs each under the Manufacturing sector and Power sector and one PSU under the Finance respectively). The difference in guarantee figures related to Tripura State Electricity Corporation Limited.

As regards Loan figures, the Finance Department disburses the loans to various Departments of the State Government for different sectoral activities and booked the amount sector-wise in the Finance Accounts. In turn, the Departments disburse these loans to respective PSUs functioning under their administrative control. Hence, PSU-wise figures of State Government loans provided to various PSUs not available in the State Finance Accounts. The State Government loan figure (₹ 56.75 crore) booked in the Finance Accounts pertained to one power sector PSU[83].

Though the Principal Secretary, Finance Department, Government of Tripura as well as the Management of the PSUs concerned were appraised regularly about the differences impressing upon the need for early reconciliation, no significant progress was noticed in this regard.

The State Government and the PSUs concerned may take concrete steps to reconcile the differences in a time-bound manner. The Government should correct the system of financing the PSUs and the Finance Accounts be updated.

4.1.4 Special support and guarantees to PSUs during the year

The State Government provides financial support to PSUs in various forms through annual budgetary allocations. The summarised details of budgetary outgo towards equity, loans and grants/ subsidies in respect of PSUs for the three years ended 2019-20 are given in **Table 4.1.5**.

Table 4.1.5: Details regarding budgetary support to PSUs

(₹ in crore)

Particulars	2017-18		2018-19		2019-20	
	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
Equity capital outgo from budget	5	30.53	4	34.81	5	49.89
Loans given from budget	-	-	-	-	-	-
Grants/ subsidy from budget	5	77.35	3	70.77	4	83.82
Total Outgo[84]	**9**	**107.88**	**7**	**105.58**	**9**	**133.71**
Guarantees issued	-	-	1	200.00	-	-
Guarantee commitment	-	-	-	-	-	-

***Source**: PSUs records*

[82] PSUs at Sl. Nos. A.1, A.2 and A.4 to A.12 and B.1 of **Appendix 4.1.1**
[83] Tripura State Electricity Corporation Limited
[84] Actual number of PSUs, which received equity, loans, grants/subsidies from the State Government

It can be seen from **Table 4.1.5** that, the budgetary support provided by State Government to PSUs increased from ₹ 107.88 crore in 2017-18 to ₹ 133.71 crore in 2019-20. The major beneficiaries of budgetary outgo during 2019-20 were Agartala Smart City Limited (grant/ subsidy: ₹ 50.00 crore), Tripura Jute Mills Limited (equity: ₹ 29.80 crore), Tripura State Electricity Corporation Limited (grant/subsidy: ₹ 19.25 crore), Tripura Road Transport Corporation (grant/ subsidy: ₹ 13.29 crore) and Tripura Handloom and Handicrafts Development Corporation Limited (equity: ₹ 12.45 crore).

4.1.5 Accountability framework

The audit of the financial statements of a Company in respect of financial years commencing on or after 1 April 2014 is governed by the provisions of the Companies Act, 2013 (Act) and audit of the financial statements in respect of financial years that commenced earlier than 1 April 2014 continued to be governed by the Companies Act, 1956. The new Act has brought about increased Regulatory Framework, wider Management responsibility and higher Professional Accountability.

4.1.5.1 Statutory Audit/ Supplementary Audit

Statutory Auditors appointed by the Comptroller and Auditor General of India (C&AG), audit the financial statements of a Government Company. In addition, C&AG conducts the Supplementary Audit of these financial statements under the provisions of Section 143 (6) of the Act.

Audit of Statutory Corporations is governed by their respective Legislations. The State of Tripura had only one Statutory Corporation (Tripura Road Transport Corporation), which was working. The C&AG is the sole auditor for this Corporation.

4.1.5.2 Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs through its administrative departments. The Government appoints the Chief Executive and Directors on the Board of these PSUs.

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

4.1.6 Arrears in finalisation of accounts

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

Timely finalisation of accounts is important for the State Government to assess the financial health of the PSUs and to avoid financial misappropriation and mismanagement. Persistent delay in finalisation of accounts is fraught with the risk of fraud and leakage of public money going undetected apart from violation of the provision of the Companies Act, 2013.

Table 4.1.6 provides the details relating to finalisation of accounts by working PSUs as of 30 September 2020.

Table 4.1.6: Position relating to finalisation of Accounts of working PSUs

Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Number of working PSUs	13	13	14[85]	14	15[86]
2.	Number of Accounts finalised during the year	16	13	12	16	16[87]
3.	Number of Accounts in arrears	20	20	23[88]	21	24
4.	Number of Working PSUs with arrears in Accounts	12	11	13	12	13
5.	Extent of arrears (number in years)	1 to 2 years	1 to 3 years	1 to 4 years	1 to 4 years	1 to 4 years

The accounts of only two[89] out of 15 working PSUs were up-to-date as on 30 September 2020. Remaining 13 working PSUs had a backlog of 24 accounts for periods ranging from one to four years. The oldest Accounts in arrears was since 2016-17 (four Accounts), which related to 'Tripura Horticulture Corporation Limited' as detailed in **Appendix 4.1.1**.

The administrative departments concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by the PSUs within the stipulated period.

The Accountant General (Audit), Tripura had been taking up the matter regularly with the Chief Secretary and the administrative departments concerned for liquidating the arrears of accounts of PSUs. However, the State Government and the PSUs concerned could not address the issue to clear pendency of accounts of the PSUs in a time bound manner.

4.1.7 Placement of Separate Audit Reports

Timely placement of SARs in the State Legislature is important to ensure timely reporting on the functioning of the Corporation to the stakeholders and fix accountability of the Management for its performance.

[85] Includes Agartala Smart City Limited which was incorporated on 18 November 2016
[86] Includes Tripura Power Generation Limited which was incorporated on 28 January 2015
[87] Includes four accounts of Tripura Power Generation Limited (2015-16 to 2018-19)
[88] Includes two accounts of Agartala Smart City Limited (2016-17 and 2017-18)
[89] Tripura Natural Gas Company Limited and Tripura Jute Mills Limited

Tripura Road Transport Corporation (TRTC) was the only Statutory Corporation. Separate Audit Reports (SARs) of the C&AG on their accounts was issued upto 2016-17 (as on 30 September 2020) which was placed in the State Legislature (23 March 2020).

Recommendations:

a. ***The State Government may set up a special cell to oversee the clearance of arrears of accounts and set the targets for individual PSUs, which may be monitored by the cell;***

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

c. ***The PSUs may get the figures of equity and loans reconciled with the State Government Departments and arrear of accounts are cleared.***

4.1.8 Investments made by State Government in PSUs whose accounts are in arrears

The State Government had invested ₹ 27.00 crore in four PSUs (equity: ₹ 27.00 crore and loans: Nil) during the years for which these PSUs had not finalised their accounts as detailed in **Table 4.1.7**.

Table 4.1.7: Investment by State Government in PSUs having accounts in arrears

(₹ in crore)

Sl. No.	Name of PSU	Accounts finalised upto	Accounts pending finalisation	Investment by State Government during the period of arrears	
				Equity	Loans
1	Tripura Horticulture Corporation Limited	2015-16	2016-17 to 2019-20	3.15	0.00
2	Tripura Tea Development Corporation Limited	2018-19	2019-20	3.00	0.00
3	Tripura Small Industries Corporation Limited	2016-17	2017-18 to 2019-20	8.40	0.00
4	Tripura Handloom and Handicrafts Development Corporation Limited	2016-17	2017-18 to 2019-20	12.45	0.00
Total				**27.00**	**0.00**

In the absence of accounts and their subsequent audit, it could not be verified if the investments made and the expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not.

The Government may consider not giving further financial assistance to the PSUs having backlog of Accounts until the accounts are made as current as possible.

The Government may consider setting up a special cell under the Finance Department to oversee the expeditious clearance of arrears of accounts of PSUs. Where there is lack of staff expertise, Government may consider outsourcing the

work relating to preparation of accounts and take punitive action against Company Management responsible for arrears of accounts.

4.1.9 Performance of PSUs as per their latest finalised accounts

The financial position and working results of working PSUs as per their latest finalised accounts as on 30 September 2020 are detailed in **Appendix 4.1.1**. **Table 4.1.8** provides the comparative details of working PSUs turnover and State GSDP for a period of five-year ending 2019-20.

Table 4.1.8: Details of working PSUs-turnover *vis-à-vis* GSDP

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover[90]	706.39	869.27	1011.51	1,024.88	1289.82
GSDP[91]	35,938	39,479	43,716	49,845	55,358
Percentage of Turnover to GSDP	1.97	2.20	2.31	2.06	2.33

As can be seen from **Table 4.1.8**, the turnover of the working PSUs showed a continuous growth during 2015-16 to 2019-20. Except during 2018-19, the year-wise percentage of State PSU-turnover to GSDP had also appreciated in all years during 2015-20. The contribution of PSU-turnover to GSDP during 2018-19 decreased as the growth of the PSU-turnover was not commensurate with the pace of increase in the GSDP during 2018-19. The increase in State PSU-turnover during 2016-17 (₹ 162.88 crore), 2017-18 (₹ 142.24 crore) and 2019-20 (₹ 264.94 crore) was mainly driven by the corresponding growth in the turnover of the power sector company (TSECL) during 2016-17 (₹ 167.85 crore), 2017-18 (₹ 110.43 crore) and 2019-20 (₹ 215.32 crore).

4.1.9.1 Key parameters

Some other key parameters of PSUs performance as per their latest finalised accounts as on 30 September of the respective year are given in **Table 4.1.9**.

Table 4.1.9: Key Parameters of PSUs

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Debt	350.86	296.73	298.96	299.50	491.01
Turnover[92]	706.39	869.27	1011.51	1,024.88	1289.82
Debt/ Turnover Ratio	0.50:1	0.34:1	0.30:1	0.29:1	0.38:1
Interest Payments	0.69	1.62	1.43	1.21	6.97
Accumulated losses	762.48	773.39	969.73	1,028.84	1120.93

[90] Turnover of working PSUs as per their latest finalised accounts as on 30 September of respective year

[91] GSDP figures as released by the Ministry of Statistics and Programme Implementation (MoSPI)

[92] Turnover of working PSUs as per their latest finalised accounts as on 30 September of the respective year

Debt-Turnover Ratio

A low debt-to-turnover ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR can signal of having too much of debt against the income of PSUs from core activities. Thus, the PSUs having lower DTR are more likely to comfortably manage their debt servicing and repayments.

PSU Debt

During the period from 2015-19, the PSUs debt had registered an overall decrease of ₹ 51.36 crore (14.64 *per cent*) from ₹ 350.86 crore (2015-16) to ₹ 299.50 crore (2018-19). However, during 2019-20, the outstanding debts of PSUs increased by 63.94 *per cent* as compared to previous year (2018-19). This was mainly due to increase in the debts of Tripura State Electricity Corporation Limited by ₹ 196.60 crore. Major portion of PSU debts during 2019-20 (98.84 *per cent*) pertained to Tripura State Electricity Corporation Limited (₹ 356.88 crore) and Tripura Industrial Development Corporation Limited (₹ 128.41 crore).

From **Table 4.1.9**, it can be seen that during 2015-19, the PSU Turnover had registered a growth of ₹ 318.49 crore (45.09 *per cent*) from ₹ 706.39 crore (2015-16) to ₹ 1,024.88 crore (2018-19). As a result, the DTR had shown a decreasing trend during the period from 2015-19. However, during 2019-20, due to significant increase (122.66 *per cent*) in the debt position of Tripura State Electricity Corporation Limited, the overall DTR had increased to 0.38:1, which indicated that the position of PSUs to service their long-term debts had deteriorated as compared to previous years.

The accumulated losses of PSUs had registered an overall increase of 47.01 *per cent* (₹ 358.45 crore) from ₹ 762.48 crore (2015-16) to ₹ 1,120.93 crore (2019-20) mainly due to increase of ₹ 269.90 crore in the accumulated losses of two PSUs[93] during the same period.

4.1.9.2 Erosion of capital due to losses

The aggregate paid-up capital and accumulated losses of 15 working PSUs as per their latest finalised accounts as on 30 September 2020 were ₹ 1,475.76 crore and ₹ 1,120.93 crore respectively **(Appendix 4.1.1)**.

Analysis of investment and accumulated losses of these PSUs revealed that the accumulated losses (*net of free reserves)* of four working PSUs (₹ 429.76 crore) had completely eroded their paid-up capital (₹ 290.79 crore) as detailed in the **Table 4.1.10**.

[93] Tripura State Electricity Corporation Limited (₹ 131.99 crore) and Tripura Jute Mills Limited (₹ 137.91 crore).

Table 4.1.10: PSUs with erosion of paid up capital

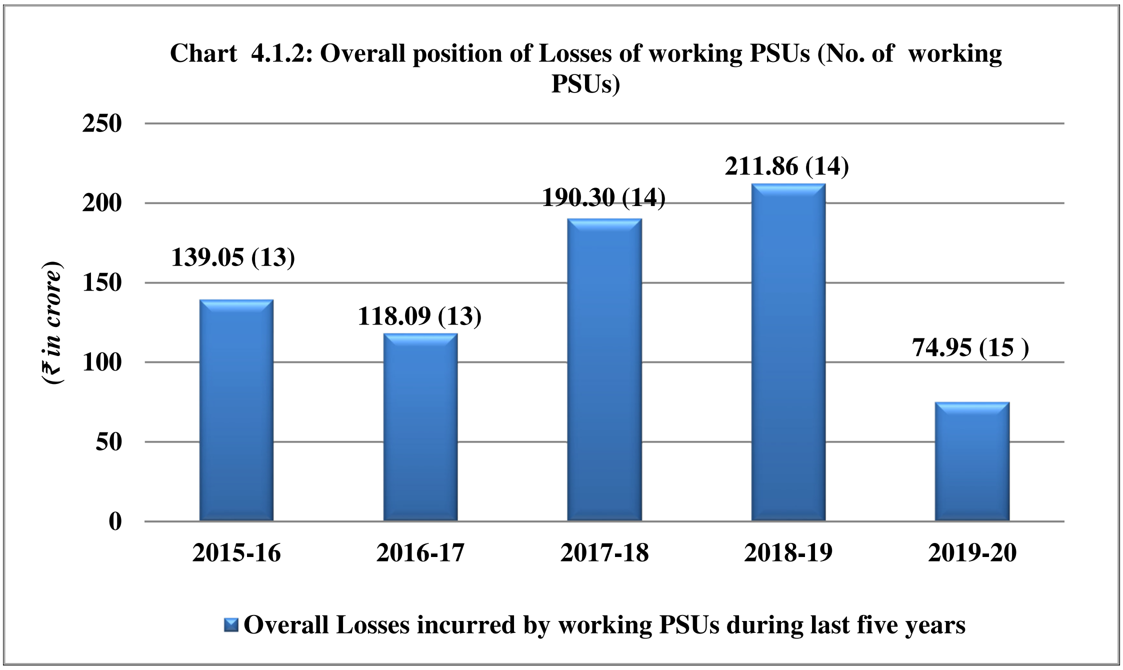
(₹ in crore)

Name of PSU	Latest finalised accounts	Paid up capital	Accumulated losses*
Tripura Rehabilitation Plantation Corporation Limited	2018-19	4.58	10.58
Tripura Industrial Development Corporation Limited	2018-19	16.17	25.71
Tripura Handloom and Handicrafts Development Corporation Limited	2016-17	107.09	120.02
Tripura Road Transport Corporation	2016-17	162.95	273.45
Total		**290.79**	**429.76**

****net after adjusting 'free reserves'***

***Accumulation of huge losses by these PSUs had eroded public wealth, which is a cause of serious concern and the State Government needs to review the working of these PSUs to either improve their profitability or close their operations*.**

The overall position of losses[94] incurred by working PSUs during 2015-16 to 2019-20 are depicted in **Chart 4.1.2**.



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

From **Chart 4.1.2**, it can be seen that the working PSUs incurred losses during all the five years under reference. These losses of working PSUs during the period from 2015-19 were mainly attributable to heavy losses incurred by the power sector PSU during these years, which ranged between ₹ 79.96 crore (2016-17) and ₹ 156.96 crore (2018-19). Compared to previous year, during 2019-20 the losses of working PSUs decreased significantly (64.62 *per cent*) mainly due to decrease of ₹ 133.25 crore (84.89 *per cent*) in the loss incurred by the power sector PSUs from ₹ 156.96 crore (2018-19) to ₹ 23.71 crore (2019-20).

[94] As per the latest finalised accounts of working PSUs as on 30 September of the respective year

During the year 2019-20, out of 15 working PSUs, six PSUs earned an aggregate profit of ₹ 20.65 crore, while nine PSUs incurred loss of ₹ 95.60 crore. The details of major contributors to overall profits and losses of working PSUs are given in **Table 4.1.11**.

Table 4.1.11: Major contributors to profits and losses of working PSUs

(₹ in crore)

Name of PSU	Latest finalised accounts	Profit (+)/ loss (-)
Tripura Natural Gas Company Limited	2019-20	(+) 18.62
Tripura Jute Mills Limited	2019-20	(-) 31.62
Tripura State Electricity Corporation Limited	2016-17	(-) 23.71
Tripura Industrial Development Corporation Limited	2018-19	(-) 15.23

4.1.9.3 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures the long term profitability and efficiency of the total capital employed by a company. Companies create value when they generate returns on the capital employed. ROCE is an important decision metric for long term lenders. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed[95].

During 2019-20, the overall Capital Employed in 15 working PSUs as per their latest accounts was ₹ 919.80 crore while the ROCE of the PSUs ranged from (-) 1082.88 *per cent* (Tripura Jute Mills Limited) to (+) 19.07 *per cent* (Tripura Natural Gas Company Limited). Further, out of 15 working PSUs, Only five PSUs[96] had positive ROCE (**Appendix 4.1.1**).

4.1.10 Return on Investment on the basis of Present Value of Investment

The Rate of Real Return (RORR) measures the profitability and efficiency with which equity and similar non-interest bearing capital have been employed, after adjusting them for the time value. To determine the Rate of Real Return on Government Investment (RORR), the investment of State Government[97] in the form of equity, interest free loans and grants/ subsidies given by the State Government for operational and management expenses *less* disinvestments (if any) has been considered, and indexed to their Present Value (PV) and summated. The RORR is then calculated by dividing the 'profit after tax' (PAT) by the sum of the PV of the Government investment.

During 2019-20, out of 15 working PSUs, 9 PSUs incurred loss (₹ 95.60 crore) and only six PSUs earned profits[98] (₹ 20.65 crore) (**Appendix 4.1.1**). On the basis of return on historical value, the State Government investment eroded by 3.58 *per cent* during 2019-20. On the other hand, the Rate of Real Return where the present value

[95] Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure

[96] PSUs at Sl. No. A.1., A.2., A.11., A.12. and A.14. of **Appendix 4.1.1**

[97] As per the records of PSUs

[98] As per the latest finalised accounts of working PSUs as on 30 September 2019

of investment is considered, the State Government investment eroded by 1.47 *per cent* as shown in **Appendix 4.1.2**. This difference in the percentage of investment erosion was on account of adjustments made in the investment amount for the time value of money.

4.1.11 Winding up of non-working PSUs

As on 31 March 2020, there was only one non-working PSU (*viz.* Tripura State Bank Limited), which had been non-functional since 1971. The said PSU was in the process of liquidation under Section 248 of the Companies Act, 2013. Since the non-working PSU was neither contributing to the State economy nor meeting the intended objectives, the liquidation process to wind up this PSU needs to be expedited.

Recommendations

In view of the facts above on accumulated losses, erosion of capital and negative return on capital employed, the State Government needs to either revamp the working of these PSUs or wind them up in public interest.

4.1.12 Impact of Audit Comments on Annual Accounts of PSUs

During October 2019 to September 2020, 11 working Companies had forwarded 16 accounts to the Accountant General (Audit), Tripura. 14 accounts of 10 Companies were selected for Supplementary Audit during the year. Non-Review Certificates (NRC) were issued against remaining two accounts of two Companies. The audit reports of Statutory Auditors appointed by the C&AG and the Supplementary Audit conducted by the C&AG indicated that the quality of maintenance of State PSU accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and the C&AG are given in **Table 4.1.12**.

Table 4.1.12: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2017-18		2018-19		2019-20	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	4.64	1	11.01	0	0.00
2.	Increase in loss	3	2.84	2	18.85	3	4.25
3.	Non-disclosure of material facts	3	32.85	0	0.00	0	0.00
4.	Errors of classification	1	0.29	2	41.72	2	217.51

During the year, the Statutory Auditors had given qualified certificates on all 16 accounts. The compliance of companies with the Accounting Standards (AS) remained poor as there were four instances of non-compliance with the Accounting Standards in four accounts during the year. The audit comments were based mainly on the non-compliance with AS-2 (Valuation of inventories), AS-5 (Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies), AS-15 (Employee Benefits), AS-22 (Accounting for taxes on income) and IND AS-116 (Leases).

The only Statutory Corporation in the State (*viz.* Tripura Road Transport Corporation) for which the C&AG is the sole auditor, had not forwarded any accounts during the reporting period to Principal Accountant General (Audit), Tripura. The Accounts of the Corporation have been audited and Separate Audit Report (SAR) issued for the accounting year upto 2016-17.

4.1.12.1 Gist of some of the important comments of the statutory auditors and CAG in respect of accounts of the PSUs are as under:

Tripura Jute Mills Limited (2018-19)

- Tripura Industrial Development Corporation Limited (TIDC) (another State PSE) constructed 20 Staff Quarters on the Land owned by the Company and handed over to the Company for resettlement of the occupants of the Dormitories, which were demolished by TIDC for construction of 'Agartala International Fair Ground and Exhibition Centre'. The above transaction, which was effected between TIDC and the Company without any financial consideration, remained unaccounted in the books of the Company and TIDC.

The monetary impact of this transaction on the value of the Fixed Assets of the Company could not be quantified in absence of proper documentation and non-maintenance of Fixed Assets Register by the Company.

Tripura Urban Transport Company Limited (2018-19)

- The Company has not accounted the outstanding bills of ₹ 1.98 crore payable against the supply orders (June 2014) placed on Suppliers for delivery of 100 Buses under JNNURM. The bills remained unpaid due to shortage of JNNURM funds and non-release of Additional Central Assistance from the Government. This has resulted in understatement of 'Other Current Liabilities' and 'Fixed Assets' by ₹ 1.98 crore each.

Tripura State Electricity Corporation Limited (2016-17)

- The Company wrongly capitalised the expenditure of revenue nature (₹ 2.80 crore) relating to IT billing system under 'Capital Works in Progress (CWIP)', resulting in overstatement of 'CWIP' and understatement of 'Loss for the year' by ₹ 2.80 crore each.

- The Company wrongly accounted the value of completed projects amounting to ₹ 70.10 crore (including project assets costing ₹ 67.66 crore partially financed out of Government Grants) under 'Capital Work-in-Progress' instead of the 'Tangible Assets' (Property, Plant and Equipment). Non-charging of depreciation on completed assets resulted in understatement of 'Depreciation' by ₹ 4.80 crore, understatement of 'Other Income' (Adjustment of Depreciation for Grant Assets) and overstatement of 'Reserves and Surplus' (Capital Grant) by ₹ 3.83 crore each with corresponding understatement of 'Loss for the year' by ₹ 0.97 crore.

Tripura Industrial Development Corporation Limited (2018-19)

- The Company did not account for the expenses (₹ 0.39 crore) incurred during the year towards Operation and Maintenance of 'Common Effluent Treatment Plant' (₹ 0.30 crore) and Security & Hiring of vehicles (₹ 0.09 crore) resulting in understatement of 'Other Current Liabilities' as well as 'Loss for the year' to the same extent.
- The Company did not account lease rent receivable from 78 Industrial Units (IUs) for the year 2018-19 resulting in overstatement of 'Loss for the year' by ₹ 0.99 crore with corresponding understatement of 'current assets' (trade receivables) to the same extent.

4.1.13 Follow up action on Audit Reports

4.1.13.1 Submission of Explanatory notes

The Reports of the C&AG represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. The Finance Department, Government of Tripura issued (July 1993) instructions to all administrative departments to submit replies/ explanatory notes to paragraphs/ performance audits included in the Audit Reports of the C&AG within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the Committee on Public Undertakings (COPU). The position of receipt of replies/ explanatory notes to paragraphs/ performance audits pending to be received from the State Government/ administrative departments concerned is given in **Table 4.1.13**.

Table 4.1.13: Explanatory notes not received (as on 30 September 2020)

Year of the Audit Report (Commercial/ PSUs)	Date of placement of Audit Report in the State Legislature	Total performance audits and paragraphs included in the Audit Report		Number of performance audits/paragraphs for which explanatory notes were not received	
		Performance audits	Paragraphs	Performance audits	Paragraphs
2014-15	23-03-2016	1	2	Nil	2
2015-16	15-03-2017	1	Nil	1	Nil
2016-17	23-11-2018	1	1	1	1
2017-18	30-08-2019	1	4	1	4
Total		**4**	**7**	**3**	**7**

From **Table 4.1.13**, it can be seen that out of 11 paragraphs/ performance audits, explanatory notes to 10 paragraphs/ performance audits in respect of three departments, which were commented upon, were awaited (September 2020).

4.1.13.2 Discussion of Audit Reports by COPU

The status as on 30 September 2020 of performance audits and paragraphs relating to PSUs that appeared in the State Audit Reports and discussed by the COPU was as given in **Table 4.1.14**.

Table 4.1.14: Performance audits/ paragraphs featured in State Audit Reports *vis-à-vis* discussed by COPU as on 30 September 2020

Period of Audit Report	Number of performance audits/paragraphs			
	Appeared in Audit Reports		Paragraphs discussed	
	Performance audits	Paragraphs	Performance audits	Paragraphs
2012-13	1	3	1	2
2013-14	1	3	Nil	Nil
2014-15	1	2	Nil	Nil
2015-16	1	Nil	Nil	Nil
2016-17	1	1	Nil	Nil
2017-18	1	4	Nil	Nil
Total	**6**	**13**	**1**	**2**

4.1.13.3 Compliance to Reports of COPU

Action Taken Notes (ATNs) to 49 recommendations pertaining to latest ten reports of the COPU presented to the State Legislature between November 2010 and February 2015 have not been received (September 2020) as indicated in **Table 4.1.15**.

Table 4.1.15: Compliance to COPU reports

Sl. No.	COPU Report Number	Date of Placement in the State Assembly	Based on Audit Report for the year	Total no. of recommendations in COPU report	No. of recommendations where ATNs not received
1	41	01.11.2010	2000-01	5	5
2	42		2006-07	3	3
3	43		2002-03	8	8
4	44		1989-90	9	-
5	45	06.03.2012	2006-07	8	8
6	46		2007-08	5	5
7	47		2007-08	1	1
8	48		On spot study tour by COPU at TFDPC	5	5
9	49	25.02.2014	2008-09	10	10
10	50	20.02.2015	2004-05	4	4
Total	**10**			**58**	**49**

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

Recommendations

State Government should review and revamp the mechanism of responding to audit observations. It may ensure that explanatory notes to audit paragraphs/ performance audits and ATNs on the recommendations of COPU are provided as per the prescribed time schedule and the loss/outstanding advances/ overpayments flagged in audit recovered within the prescribed period to enable accountability for public finances.

POWER DEPARTMENT

4.2 Performance Audit of Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) Schemes

4.2.1 Introduction

(a) Deen Dayal Upadhyaya Gram Jyoti Yojana/ Saubhagya schemes

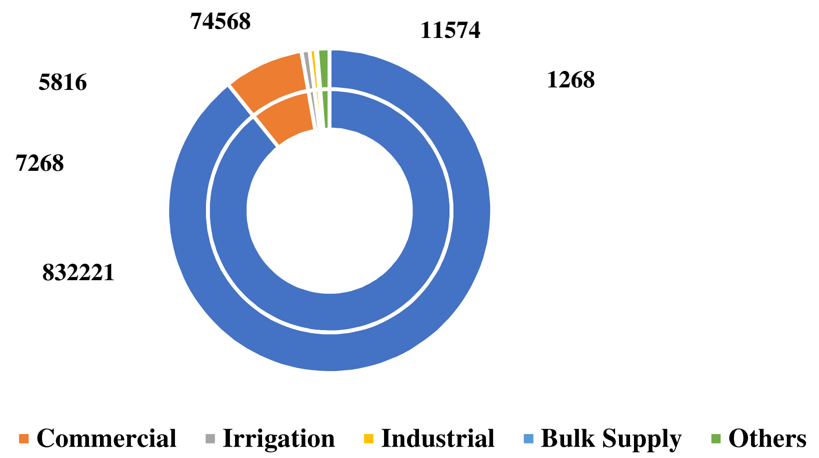
With a view to address the problem of inadequate and unreliable power supply in rural areas and strengthening the distribution network in rural areas and to complete the ongoing work of rural electrification under erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) (launched in March 2005), Government of India (GoI) launched (December 2014) "Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)" subsuming the targets laid down under XII Five Year Plan (XII FYP 2012-17) for erstwhile RGGVY as a separate rural electrification sub-component by carrying forward the approved outlay for the RGGVY to the DDUGJY. Two additional objectives were framed, *viz*., (i) separation of agriculture and non-agriculture feeders, and (ii) strengthening and augmenting the sub-transmission and distribution infrastructure in rural areas, including metering at distribution transformers, and at feeders and consumers' end. As far as implementation of Schemes/projects sanctioned prior to launch of DDUGJY are concerned; the operational guidelines/ standard documents/ procedures of RGGVY shall continue to prevail.

As per definition adopted by the Ministry of Power (MoP) (revised in 2004), a village was considered as electrified only if:

- 'Basic infrastructure such as distribution transformer and distribution lines were provided in the inhabited locality as well as the dalit-basti/ hamlet where it exists. (For electrification through non-conventional energy sources, a distribution transformer may not be necessary);
- Electricity was provided to public places like schools, panchayat offices, health centres, dispensaries, community centres, *etc*; and
- The number of households electrified was at least 10 *per cent* of the total number of the households in the villages.'

There were 9.33 lakh consumer in the State. Out of this 89 *per cent* of the consumer are categorised as domestic consumer. Though DDUGJY (New) emphasised on segregation of agricultural and non-agricultural feeders, but there was no segregation of agricultural and non-agricultural feeders in the State as there was no large-scale dependence on electricity for agricultural irrigation (less than one *per cent*), rather, the irrigation was mainly carried out through natural downhill streams, rainwater and minor irrigation canals. The category-wise consumer in Tripura is shown in **Chart 4.2.1**.

Chart 4.2.1: Category-wise consumer profile in Tripura



(b) Saubhagya Scheme

Keeping in view the role of electricity in the human and socio-economic development, GoI launched (October 2017) "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" (Saubhagya) to achieve universal household electrification in the country. The objective of the Saubhagya Scheme is:

- Providing last mile connectivity and electricity connections to all un-electrified households in rural areas;
- Providing Solar Photovoltaic (SPV) based standalone system for un-electrified households located in remote and inaccessible villages/ habitations where grid extension is not feasible or cost effective; and
- Providing last mile connectivity and electricity connections to all remaining economically poor un-electrified households in urban areas. Non-poor urban households are excluded from this scheme.

4.2.2 Implementing Agencies

In Tripura, the erstwhile RGGVY was implemented by Tripura Sate Electricity Corporation Limited (TSECL) being the State PSU in six districts[99] and by North Eastern Electric Power Corporation (NEEPCO) in two districts[100] while DDUGJY was implemented by TSECL in all eight districts. TSECL implemented the Saubhagya scheme in six districts and in remaining two districts (Sepahijala and South Tripura) the scheme was being implemented by NEEPCO being the Central PSU utility.

4.2.3 Funding pattern for the schemes

For implementation of the RGGVY Scheme, the Government of India (GoI) grant was 90 *per cent* of the eligible project cost. The remaining 10 *per cent* of the project cost

99 West Tripura, Dhalai, Gomoti, North Tripura, Unakoti and Khowai
100 Sepahijala and South Tripura

would be contributed by the State Governments from their own resources (or) by availing loan from financial institutions including Rural Electrification Corporation (REC).

In DDUGJY and Saubhagya schemes, the GoI grant was 85 *per cent* of the total outlay, while State Government contribution and loan components were pegged at five and 10 *per cent* respectively. The DISCOM (TSECL) was eligible to receive an additional grant of 50 *per cent* of loan component (*i.e.* conversion of five *per cent* of the total outlay from loan to grant) from GoI on achievement of prescribed milestones. The loan component would be provided by REC or by other Financial Institutions (FIs)/ Banks.

4.2.4 Role of major stakeholders

The role of various authorities in formulation, approval and implementation of the Scheme are shown in **Table 4.2.1**.

Table 4.2.1

Authorities	Roles
Ministry of Power (MoP), Government of India (GoI)	• Formulation and approval of Scheme. • Formulation of Scheme guidelines. • Appointment of REC (February 2013) as Nodal Agency for implementation of the Scheme.
Rural Electrification Corporation (REC)	• Responsible for overall implementation of Scheme. • Scrutinising the Detailed Project Reports (DPRs) received from the Project Implementing Agency (Company) as recommended by the State Level Standing Committee for final approval of the Monitoring Committee of MoP, Government of India. • Monitoring of Scheme implementation. • Release of funds on behalf of GoI.
Government of Tripura (GoT)	• Appointment of the Company as Scheme Implementing Agency • To provide the land required for Scheme works (*e.g.* construction of sub-stations, *etc.*) and facilitate obtaining statutory clearances (right of way issues, forest clearances, *etc.*) • Setting up of State Level Committee to examine DPRs prepared by the implementing agency. • Setting up of Higher Tender Committee to oversee the tendering process for Scheme works.
Utilities {Tripura State Electricity Corporation Limited (TSECL) and North Eastern Electric Power Corporation Limited (NEEPCO)}	• Preparing DPRs based on detailed survey. • Submission of DPRs for the approval of GoM and also to GoI through REC for final approval. • To execute works of electrification as per the approved DPRs and guidelines.

4.2.5 Audit objective

The Performance audit was undertaken to ascertain whether:

(i) electrification of complete village was carried out as per the scheme guidelines;

Sub-objectives:

(a) Strengthening and augmentation of sub-transmission and distribution system in rural areas including metering of distribution transformer/ feeders/ consumers were achieved.

(ii) electrification of households was achieved as per the scheme guidelines; and

Sub-objectives:

(a) Providing last mile connectivity and electricity connections including free connections to all remaining economically poor un-electrified households was achieved;

(b) Providing Solar Photo Voltaic (SPV) based standalone systems for un-electrified households located in remote and inaccessible villages/ habitations where grid extension is not feasible or cost effective, were installed.

(iii) households connected with power were in a position to use it and derive the benefits of development.

4.2.6 Audit Scope and methodology

The performance audit was carried out covering the period 2014-15 to 2019-20 to review the implementation of DDUGJY and Saubhagya in the State. Audit scope covered the examination of records of Tripura Sate Electricity Corporation Limited (TSECL) being the State PSU/ Utility, NEEPCO being the Central PSU/ Utility and Project Divisions. Out of eight districts/ projects in the State, four districts[101]/ projects were selected for audit scrutiny. A total of nine blocks were selected from these four selected districts/ projects.

Records of the TSECL were scrutinised at the Corporate Office and Division levels while beneficiary survey was carried out in villages in at least five villages per block were selected for beneficiary survey. Only in case of two blocks (Lefunga and Tepania), the total number of existing villages were less than five in which case all the existing villages were selected for beneficiary survey. A total of 46 villages were selected by this method from the nine selected blocks. A total of 460 beneficiaries were selected for survey taking 10 from each sampled village.

4.2.7 Audit criteria

The main sources of audit criteria for the performance audit were:

- Electricity Act 2003;
- Rural Electrification Policy 2006;

[101] West Tripura, Dhalai, Gomati and Sepahijala

- Scheme guidelines issued by Ministry and additional guidelines issued by Rural Electrification Corporation (REC) regarding Quality control and Procurement of Goods and services, *etc.*;
- Bipartite/ Tripartite/ Quadripartite agreement among REC, State Government, State Power Utilities and Central Public Sector Undertakings (CPSUs);
- Minutes of the Monitoring Committee (MC) meetings;
- Sanctions for payment of capital subsidy of Ministry of Power (MoP) along with Utilisation Certificates;
- Instructions/ circulars/ orders issued by MoP and REC regarding the scheme;
- Approved Detailed Project Reports (DPRs) along with vetting comments in REC;
- Applicable General Financial Rules (GFR), *etc.*; and
- Contract Agreements.

4.2.8 Acknowledgement

The Audit acknowledges the co-operation and assistance extended by the officials of the Company at the Corporate Headquarter as well as at their field offices during the conduct of the Performance Audit.

Audit findings

4.2.9 Deficiencies in planning

Audit observed the following deficiencies in planning:

4.2.9.1 Non- preparation of Need Assessment Document

As per RGGVY guidelines, utilities were to prepare Need Assessment Documents (NADs) to substantiate the proposed work and cost estimates. Audit observed that TSECL did not prepare NADs for implementation of the RGGVY.

TSECL in its reply (November 2021) accepted the failure for submission of NAD during submission of DPR to REC.

4.2.9.2 Deficiencies in Detailed Project Reports

Audit observed the following deficiencies in preparation of the Detailed Project Reports (DPRs):

- All eight DPRs[102] in respect of RGGVY and DDUGJY were not prepared on the basis of detailed field survey;
- In case of all eight projects under RGGVY and DDUGJY, consultation with public representatives including members of parliament and certification were not done while preparing the DPRs;
- Details of the dedicated team for implementation of projects were not included in the DPRs for RGGVY and DDUGJY;

[102] DPRs for four sampled Districts *i.e.* West Tripura, Dhalai, Gomati and Sepahijala

- No single line diagram of each village showing all habitations with existing and proposed infrastructure was submitted along with the project proposals; and
- Augmentation of two number of existing sub-stations in Gomati District and Dhalai District out of four sampled districts were proposed in the DPRs under RGGVY; for which no justification was included in the DPRs.

TSECL in its reply (November 2021) stated that detailed field survey was not conducted before preparation of DPR. The DPR was prepared by collecting the information from district level offices which were sent to Headquarter office i.e to TSECL corporate office where the data were compiled before submission of DPR.

Regarding deficiencies in preparation of DPRs against RGGVY, TSECL in its reply (October 2021) stated that: (i) Single line diagrams of each village of each district showing existing and proposed electrical infrastructures were submitted to REC in hard copies in the form of spirally bound books. These were hand-made diagrams and therefore, no copy could be made available to audit; (ii) Regarding justification for augmentation of substations, it was submitted as per provision of the DPR only i.e as per the prescribed format provided for online submission.

The reply is not acceptable since TSECL could not produce any records (February 2022) in support of their reply though called for (January 2022).

4.2.10 Financial management

As per the fund disbursement guidelines of DDUGJY issued by the REC, the pattern of release of capital subsidy to implementing agencies by REC is given in **Table 4.2.2**.

Table 4.2.2: Pattern of release of capital subsidy to implementing agencies by REC

Instalment No.	Condition for release	Release of grant component of GoI (in *per cent*)
1	(i) Approval of Projects by the Monitoring Committee (ii) Bipartite/Tripartite agreement amongst Utilities, State Government & REC (on behalf of MoP)	10
2	Placement of Letter of Award (LoA) by the Utility	20
3	Utilisation of 90 *per cent* of 1st & 2nd installment and 100 *per cent* release of Utility contribution	60
4	After completion of works	10
Total		**100**

The date of completion as mentioned in the Project Completion Certificate shall be within the execution period of 24 months from date of award in case of turn-key execution and 30 months from date of communication of sanction in case of partial turn-key/ departmental execution, or as extended by the Monitoring Committee to become qualified for the release of final tranche of 10 *per cent*. The expenditure as per the Project Completion Certificate or award cost or the cost approved by the

Monitoring Committee whichever is lower shall be considered as the final cost of the project for the release of the last installment of 10 *per cent*, after adjusting any excess release made earlier (to limit the subsidy amount to 60 *per cent* of the completed project cost).

In case of timely completion of the project, utilities shall submit all the documents and information in the prescribed format for availing additional grant as per the DDUGJY guidelines.

Summary of fund sanctioned to the State, fund released to the State and expenditure up to 31 March 2020 under RGGVY and DDUGJY is detailed in **Table 4.2.3**.

Table 4.2.3: Position of fund sanctioned, released and expenditure under RGGVY and DDUGJY and as on 31 March 2020

(₹ *in crore*)

Year	Sanctioned project cost		Released under RGGVY			Released under DDUGJY				Expenditure incurred	
	RGGVY	DDUGJY	GoI	State	Total	GoI	State	Loan (REC)	Total	RGGVY	DDUGJY
2014-15	316.16	₹ 73.75 (Excluding the Project Management Agency (PMA) charge of ₹ 0.37 crore)	48.19	0.00	48.19	0.00	0.00	0.00	0.00	0	0
2015-16			42.99	7.77	50.76	0.00	0.00	0.00	0.00	67.19	0
2016-17			77.63	4.80	82.43	0.00	0.00	0.00	0.00	80.08	0
2017-18			55.51	8.60	64.11	6.31	0.00	0.00	6.31	111.53	4.09
2018-19			21.82	1.89	23.71	7.79	3.71	0.00	11.49	29.96	12.80
2019-20			0.00	6.27	6.27	13.23	0.00	3.56	16.80	7.50	11.60
Total			**246.14**	**29.33**	**275.47**	**27.33**	**3.71**	**3.56**	**34.60**	**296.26**	**28.49**

Source*: Data from TSECL and NEEPCO*

From the above table it can be seen that during 2014-15 to 2019-20 the GoI released ₹ 246.14 crore and the State Government released ₹ 29.33 crore under RGGVY. Against the total release of ₹ 275.47 crore an expenditure of ₹ 296.26 crore was incurred for implementation of the scheme up to 31 March 2020.

Under DDUGJY the GoI released ₹ 27.33 crore and the State Government released ₹ 3.71 crore during the 2017-18 to 2019-20. The State Government contribution was 'Nil' under DDUGJY during 2017-18 and 2019-20. An expenditure of ₹ 28.49 crore was incurred for implementation of the scheme during the same period.

Monitoring Committee, Ministry of Power (MoP), Government of India, sanctioned ₹ 417.53 crore for implementation of Saubhagya in the State. The scheme was implemented in all the eight districts [103] of the State by the two Programme Implementing Agencies (PIA), TSECL and North Eastern Electric Power Corporation Limited (NEEPCO) being the Central PSU. The detail of the fund released by the REC/ MoP during 2018-20 is given in **Table 4.2.4**.

[103] By TSECL- West Tripura, North Tripura, Dhalai, Unakoti, Khowai and Gomati; By NEEPCO- Sepahijala and South Tripura

Table 4.2.4: Fund position under Saubhagya

(₹ in crore)

Year	Opening Balance	Funds Received from			Total fund received during the year	Total fund available during the year	Fund Utilised	Unspent/ closing Balance
		GoI	State	REC (Loan)				
TSECL								
2018-19	0.00	69.70	0.00	0.00	69.70	69.70	37.83	31.87
2019-20	31.87	0.00	13.92	0.00	13.92	45.79	45.42	0.37
Total		**69.70**	**13.92**	**0.00**	**83.62**		**83.25**	**0.37**
NEEPCO								
2018-19	0.00	51.26	0.00	0.00	51.26	51.26	27.61	23.65
2019-20	23.65	8.10	3.02	0.00	11.12	34.77	34.52	0.25
Total		**59.36**	**3.02**	**0.00**	**62.38**		**62.13**	**0.25**

Apart from the above during 2018-19, REC also released ₹ 115.70 crore to Rural Electrification Corporation Power Development and Consultancy Ltd. (RECPDCL) for the supply of materials out of which ₹ 115.34 crore was utilised.

Therefore, during 2018-2020, REC released total amount of ₹ 244.76 crore and ₹ 16.94 crore was contributed by the State as State share. An amount of ₹ 260.73 crore was utilised against the available fund.

4.2.10.1 Advance payment booked as utilised under Saubhagya scheme

Audit noticed that TSECL paid ₹ 3.41 crore to different Electrical Divisions (EDs) from 2018-19 to 2019-20 as advance for providing service connection to beneficiaries under Saubhagya scheme. The entire amount of ₹ 3.41 crore booked against divisions had been shown as utilised in the Utlisation Certificates sent to the Government of India for the years 2018-19 and 2019-20.

Scrutiny of records revealed that out of the total advance of ₹ 3.41 crore, an amount of ₹ 0.60 crore had only been utilised for providing service connection under Saubhagya scheme. However, no adjustment for the balance amount of ₹ 2.81 crore had been submitted by ED-Ambassa, ED-Bishalgarh and ED- Amarpur till August 2021. It was noticed that Deputy General Manager (DGM), Commercial & Tarrif (C&T), West Tripura could not utlilise the fund of ₹ 1.10 crore and refunded the entire amount to TSECL. As a result, total amount of ₹ 2.81 crore had been lying unutilised. Details of advance given to different EDs are given in **Table 4.2.5**.

Table 4.2.5: Details of Advance and actual Utilisation

(₹ in lakh)

Electrical Division	Name of the District	Advance booked against ED	Actual amount utilised	Unspent balance
DGM, ED-Ambassa	Dhalai	80	0	80
DGM, ED-Bishalgarh	Sepahijala	40	0	40
DGM, Commercial &Tarrif (C&T), TSECL	West Tripura	60.60	60.02	0.58
DGM, ED-Amarpur	Gomati	50	0	50
DGM, C&T, TSECL	West Tripura	110.28	0	110.28[104]
Total		**340.88**	**60.02**	**280.86**

[104] Refunded to TSECL and lying unspent with TSECL

TSECL in its reply (February 2022) stated that the advance was made for payment to petty agencies for providing service connections. The reply of the TSECL is not acceptable as the fact remained that an amount of ₹ 0.60 crore only was utilised for providing service connections and the ₹ 1.10 crore was refunded by DGM, C&T, TSECL.

4.2.10.2 Other financial management issues

4.2.10.2 (a) Utilisation Certificates

As per para 7 of Chapter IV of DDUGJY guidelines and para 5 of Chapter V of the Saubhagya scheme guidelines**,** utility shall submit Utilisation Certificates (UCs) for the fund released during the financial year and utilisation thereof in the prescribed format latest by 30 April of succeeding year. The UC shall provide the physical progress/ achievements also apart from the financial utilisation. Release of further fund will be subject to submission of UCs in prescribed format. Audit observed that in respect of eight projects, UCs were not submitted by the PIAs as of 30 April 2020 for two years (2018-19 and 2019-20). However, expenditure statement of progress of work were not accompanied with the UCs submitted.

Audit noticed that there were delays ranging from 22 days to 479 days in submission of UCs in respect of funds released under the scheme

TSECL stated in its reply (April 2021) that the delay in submission of UCs was due to slow progress of work and the UCs for 2018-19 and 2019-20 were not submitted as the closure proposals were pending.

The reply is not acceptable as submission of UCs is a time bound process as per the guidelines.

4.2.10.2 (b) Audited Accounts relating to receipts of funds

Guidelines stipulate that utility will ensure audit of funds received by the utility from REC and expenditure incurred there against during the financial year by an independent Chartered Accountant (CA) and furnish a report to REC latest by 30 June of succeeding year. Audit observed that utilities had not submitted the Audit reports to REC in respect of RGGVY XII[105] Plan projects for four years (2014-15, 2015-16, 2018-19 and 2019-20). It was also noticed that the accounts under Saubhagya scheme had been audited by the CAs, however, audited accounts were not submitted to the REC as required under para 5 of Chapter V of the Saubhagya guidelines.

TSECL in its reply (April 2021) stated that the audited Receipts and Payments accounts would be submitted to Audit, but the same were yet to be received (February 2022). In respect of Saubhagya scheme, TSECL and NEEPCO stated that audit of accounts of Saubhagya had been carried out and forwarded to REC as and when asked for submission. However, the documents in support of forwarding the audited accounts to REC were not produced to audit.

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[105] Same criteria for RGGVY is mentioned in the 'Guidelines for release of funds for 12th Plan projects'

Thus, the TSECL violated the provision of the scheme guidelines by not submitting the accounts to REC.

4.2.10.2 (c) Loss of interest due to non-availing CLTD facility

Para 6 of Chapter V of RGGVY guidelines and para 2.3.2 of Chapter IV of DDUGJY guidelines stipulate that utility shall enter into tripartite agreement to fix the roles and responsibility of Bank. The guidelines envisaged that the bank should ensure that all fund exceeding ₹ five lakh in programme account shall automatically be transferred to fixed deposit at the prevailing rate of interest.

Further, para 2.3.2 of Chapter IV of DDUGJY guidelines stipulate that the utility shall open a separate dedicated bank account in a nationalised bank and the nature of the account shall be current account with CLTD facility. Similar provision is also provided under Saubhagya guidelines.

Audit observed that TSECL did not avail the CLTD facility in the different bank accounts operating for implementation of RGGVY, DDUGJY and Saubhagya schemes for the period July 2015 to March 2020. As a result, TSECL had to incur loss of interest of ₹ 2.26 crore as detailed in **Table 4.2.6**.

Table 4.2.6: Loss of interest due to non-opening of a separate dedicated bank account with CLTD facility

(₹ in crore)

Name of bank	Account no. of bank account	Period for which CLTD could not be availed	Interest Lost*
State Bank of India	xxxxxxxx459 (RGGVY– Programme A/c)	April 2015 to March 2020	1.61
Canara Bank	xxxxxxxxxx195 (DDUGJY)	July 2017 to March 2020	0.26
Canara Bank	xxxxxxxxxx277 (Saubhagya)	October 2018 to March 2020	0.39
Total			**2.26**

**Source*: https://sbi.co.in/web/interest-rates/interest-rates/old-interest-rates-last-10-years*

TSECL in its reply (April 2021) stated that it did not have any proper instruction from REC, GoI, for availing the CLTD facility. The reply is not acceptable since the guidelines, *inter alia,* were clear on availing CLTD facility for better fund management by PIA.

4.2.10.2 (d) Deduction of tax at source by the banks on interest earned

Para 5 of Chapter V of RGGVY guidelines and para 6.4 of Chapter IV of DDUGJY guidelines require that utilities have to take necessary steps to seek exemption from Income Tax Department (ITD) regarding deduction of Tax at Source by the bank on interest accrued on balance fund under DDUGJY. Similar provision was also provided under Saubhagya guidelines. Audit observed that TSECL did not take up the matter with the ITD for exemption from TDS on the interest earned on the subsidy funds resulting in TDS of ₹ 0.08 crore during 2018-19 to 2019-20. Further, TSECL did not file claim for refund with the ITD.

TSECL in its reply (October 2021) accepted the audit observation and stated it would approach the ITD to claim refund of TDS already deducted by the bank and seek exemption from TDS.

4.2.10.2 (e) Unclaimed State taxes/local taxes

As per scheme guidelines, the State and Local Taxes are not admissible under RGGVY, DDUGJY and Saubhagya and to be borne by the State Government. Audit observed that while making payments to the contractors from Scheme funds, TSECL deducted and deposited Tripura Value Added Tax (TVAT), State GST (SGST), and Work Contract Tax (WCT) to the tune of ₹ 10.78 crore to Government of Tripura during 2014-20. Out of this amount, TSECL had lodged claim for ₹ 0.86 crore towards the reimbursement of SGST only from the State Government. Details are given in **Table 4.2.7**.

Table 4.2.7: Local Tax due to be reimbursed from State Government

(₹ in crore)

Name of the Scheme	Local Tax due to be reimbursed from State Government		
	SGST	WCT	Total
RGGVY	2.03	1.54	3.57
DDUGJY	1.78	NA	1.78
Saubhagya	4.57	NA	4.57
Total	**8.38**	**1.54**	**9.92**

TSECL accepted (June 2021) the audit observation and assured to claim the unclaimed State taxes. In respect of reimbursement of WCT, TSECL replied that WCT was not eligible for re-imbursement.

The reply is not acceptable since the guidelines spell out that the State taxes and duties are to be borne by the State Government and WCT is a part of State taxes.

4.2.11 Implementation of RGGVY and DDUGJY

During 2014-15 to 2019-20 numerous works were proposed for electrification in the State under RGGVY and DDUGJY schemes. Summary of the item-wise estimated cost approved under different works/ heads is detailed in **Table 4.2.8**

Table 4.2.8: Summary of estimated cost

Sl. No.	Items of works proposed	Number of items	Amount (₹ in crore)
	RGGVY (XII Plan)		
1	Feeder Separation/ new feeder	Nil	Nil
2	33 KV/ 66 KV line (CKM)	131.70	9.79
3	Sub-station works (33 KV/ 66 KV) New substation	13	29.23
4	Sub-station works (33 KV/ 66 KV) augmentation of existing substation	4	4.49
5	Distribution Transformers (DTRs)	2256	30.23
6	11 KV lines (new)	2287.87	103.86
7	LT Infrastructure works	3116.28	97.22
8	Metering at feeders, Distribution Transformers and consumers end	Nil	Nil
9	Establishing Missing Link of optic fiber	Nil	Nil
10	PMA charges	Nil	Nil
	Sub-Total		**274.82**

Sl. No.	Items of works proposed	Number of items	Amount (₹ in crore)
11	Cost of electrifying villages including one habitation	Not available with PIA/ DISCOM	
12	Cost of electrifying habitations above 100 population		
13	Cost of providing free connections to BPL house holds	89604	26.88
14	Cost of DDG Projects in XII plan		
15	Agency charges	1	14.46
	Sub-Total		**41.34**
	Total		**316.16**
DDUGJY			
1	Feeder Separation/ new feeder	Nil	Nil
2	33 KV/ 66 KV line (CKM)	Nil	Nil
3	Sub-station works (33 KV/ 66 KV) New substation	Nil	Nil
4	Sub-station works (33 KV/ 66 KV) augmentation of existing substation	Nil	Nil
5	11 KV line DTRs	144	4.51
6	11 KV lines	95.82	6.71
7	11/22 kv lines augmentation	236.55	8.53
8	LT Infrastructure works	215.10	16.57
9	Metering at feeders, Distribution Transformers and consumers end	165414	36.59
10	Establishing Missing Link of optic fiber	Nil	Nil
11	PMA charges	1	0.37
	Sub-Total		**73.28**
12	Cost of electrifying villages including one habitation	Not available with PIA/ DISCOM	
13	Cost of electrifying habitations above 100 population		
14	Cost of providing free connections to BPL house holds	2816	0.84
15	Cost of DDG Projects in XII plan	Nil	Nil
16	Agency charges	Nil	Nil
	Sub-Total		**0.84**
	Total		**74.12**

4.2.11.1 Time overrun

RGGVY and DDGUJY guidelines stipulate that in case of turn-key implementation, the project shall be completed within 24 months from the date of issue of letter of award (LoA) by the utility. Whereas in case of partial turn-key/departmental basis, approved by the Monitoring Committee (MC), project shall be completed within 30 months (24 months for implementation and six months for placement of awards for supply and services i.e. erection) from date of communication of the approval by the MC.

Audit observed that there were delays ranging from one day to 792 days in completion of 46 works[106] under RGGVY in four sampled districts as detailed

[106] Total 61 LoAs were issued to different contractors for execution of works in three districts (except Sepahijala District). Execution of RGGVY (XII Plan) in Sepahijala District was entrusted to NEEPCO and separate LoA was issued to the turn-key contractor.

(**Appendix 4.2.1**). Details of completion of RGGVY and DDUGJY works[107] in sampled districts are given in **Table 4.2.9**.

Table 4.2.9: Details of completion of RGGVY and DDUGJY works

Name of District	Date of award of Project	Target date of completion of Project[108]	Actual Date of Completion (mentioned in the Project Completion Certificate)*	Delay in completion of work (in months)
RGGVY				
West Tripura	30.08.2014	14.09.2016	27.09.2018[109]	24
Dhalai	22.12.2015	06.07.2018	13.04.2018[110]	Nil
Gomati	22.12.2015	06.07.2018	01.01.2021	29
Sepahijala	18.09.2014	03.10.2016	18.08.2017	10
DDUGJY				
West Tripura	04.07.2017	19.01.2020	31.01.2019	Nil
Dhalai	04.07.2017	19.01.2020	07.02.2019	Nil
Gomati	04.07.2017	19.01.2020	07.08.2018	Nil
Sepahijala	04.07.2017	19.01.2020	06.02.2019	Nil

*The dates of completion of the projects are excluding the metering part. Metering for all the eight projects was completed on 28.02.2021.

Due to delay incompletion of projects the beneficiaries were deprived of the intended benefits of the scheme.

TSECL in its reply (February 2022) accepted the fact that there was considerable delay in completion of the various works under RGGVY scheme.

4.2.11.2 Status of Electrification of Villages under RGGVY and DDUGJY

In Tripura, total number of villages as per 2011 census was 901 out of which 26 villages were unelectrified (UE) and 875 villages were Partially Electrified (PE). GoI sanctioned 26 UE villages for electrification and 786 Partially Electrified (PE) villages for further intensive electrification for implementation of RGGVY under 12th plan (2012-17). The status of rural electrification in Tripura such as number of UE/PE villages as on 31 December 2014, prior to the launch of the RGGVY scheme and after implementation of the scheme is tabulated in **Table 4.2.10**.

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107 Total nine NITs were invited and four LoAs were issued to different contractors for execution of erection works in four districts and four LoAs were issued for procurement of materials. One contract was cancelled due to failure in quality inspection.

108 24 months from the date of award of Project and 30 months from award in case of partial turn-key/ departmental execution)

109 As per Project Completion Report

110 As Project Completion Report was not available for any project except RGGVY (XII Plan) – West Tripura, so the date of completion of the last work was considered as the completion date of project for the other seven projects.

Table 4.2.10: Number of UE and PE villages sanctioned and electrified under RGGVY

Total Villages as per 2011 census	Number of UE villages as on December 2014	Number of PE Village as on December 2014	Number of UE Village sanctioned under RGGVY	Number of PE Village Sanctioned under RGGVY for intensive electrification	Total villages sanctioned under RGGVY	Balance	Number of UE villages partially electrified as on 31st March 2020	Total number of PE village as on 31st March 2020
901	26	875	26	786	812	89	26	901

***Source**: Departmental records*

For implementation of RGGVY, TSECL prepared DPRs with an estimated cost of ₹ 556.00 crore and submitted to REC for approval. However, REC curtailed the estimates by 43 *per cent* and sanctioned ₹ 316.16 crore. Consequently, TSECL had to revise the DPR to limit the estimates within the sanctioned cost by reducing the scope of work. Due to reduction of scope of work none of the PE village was fully electrified under RGGVY.

The works sanctioned under RGGVY could not be completed within the stipulated time[111] and got several extensions and finally it was extended upto October 2020. TSECL and NEEPCO could complete the project only in six districts[112] as on date of audit (August 2021). As on 31st March 2020, all the 901 villages in the State were converted into PE villages.

GoI rolled out DDUGJY project for strengthening and augmentation of sub-transmission & distribution (ST&D) infrastructure in rural areas, including metering at distribution transformers, feeders and consumers end. Out of the 901 PE villages, GoI sanctioned 251 villages for implementation of DDUGJY scheme out of which 245 villages spilled over from RGGVY and six villages were freshly sanctioned from remaining 89 villages which were not covered under RGGVY. Details are given in **Table 4.2.11**.

Table 4.2.11: Number of UE and PE villages sanctioned and electrified under DDUGJY

Total Villages as per 2011 census	Number of PE Villages sanctioned under DDUGJY spilled over from RGGVY scheme	Number of PE Village freshly Sanctioned under DDUGJY scheme	Total PE villages sanctioned under DDUGJY scheme	Total villages covered under RGGVY	Total villages covered under RGGVY and DDUGJY	Villages not covered under RGGVY and DDUGJY
901	245	6	251	812	818	83

[111] 24 months from the date of sanction (January 2014) in case of turnkey contract and 36 months in case of Departmental execution

[112] Closure report submitted for Sepahijala and South Tripura- January 2019 (implemented by PIA NEEPCO) and West Tripura-September 2019, Dhalai RGGVY (12th Plan) project -June 2020, North Tripura and Khowai-August 2020

Under DDUGJY, TSECL submitted DPR for ₹ 903.02 crore. However, REC sanctioned only ₹ 74.12 crore. Accordingly, TSECL reduced different parameters and some of the works like augmentation of 11 KV line/ LT line/ distribution Transformer, construction of 33/11 KV Sub-station, *etc*. could not be taken up. As a result, none of the PE villages could be fully electrified.

4.2.11.3 Strengthening and augmentation of sub-transmission and distribution system in rural areas including metering of distribution transformers

Strengthening and augmentation of sub-transmission and distribution infrastructure along with adequate metering arrangements are essential components to ensure reliable and quality power supply in rural areas and to complete the process of village electrification. The summary of requirements of the State, sanctions accorded by Ministry of Power (MoP) against the requirements and achievements of the State against each component are detailed in **Table 4.2.12**.

Table 4.2.12: Summary of requirement, MoP's sanction and achievements against each component

Name of component	Requirements of States as per DPR/State Plan (RGGVY and DDUGJY)	Sanctioned by MoP under RGGVY	Achievement	Shortfall against the sanction (*per cent*)
Laying of 33 KV/ 66 KV lines (Ckm)	265.70[113]	135.70	54.77	59.64
Construction of new sub-stations (Nos.)	22[114]	13	5	61.53
Augmentation of existing sub-stations (Nos.)	21[115]	4	2	50
Metering (Nos.)	165414[116]	165414	161728	2.23

From **Table 4.2.12**, it can be seen that the GoI sanctioned for laying of 135.70 Ckm of 33/66 KV lines, construction of 13 new substations, augmentation of four sub-stations under RGGVY. Audit noticed that the State could lay only 54.77 Ckm of 33/66 KV lines, construct five sub-stations, carry out augmentation of two existing sub-stations and install 1,61,728 meters. Thus, the State could not achieve the target sanctioned by MoP under RGGVY and there was shortfall ranging from 2.23 *per cent* to 61.53 *per cent* reasons for which has been discussed in **Paragraph 4.2.11.5**.

Under-achievement of the planned targets was attributable to various inadequacies in planning, implementation, monitoring.

4.2.11.4 Non-providing of connectivity in public places

RGGVY guidelines proposed for connectivity of public places like schools, panchayats, hospitals, *etc*. Scrutiny of closure report revealed that no public places were provided connectivity under the schemes though proposed in the DPRs as detailed in **Table 4.2.13**.

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[113] For all eight districts: RGGVY – 135.70 Ckm; DDUGJY– 130 Ckm
[114] For all eight districts: RGGVY – 13; DDUGJY– 9
[115] For all eight districts: RGGVY – 4; DDUGJY– 17
[116] Consumer Meter-1,62,628 *plus* DTR Meter-2,786

Table 4.2.13: Public places where electricity connection provided under the scheme

District	Number of public places proposed to be given access to electricity under the scheme	Number of public places where electricity connection provided under the scheme
West Tripura	1047	Nil
Sepahijala	1038	Nil
Gomati	655	Nil
Dhalai	519	Nil
Total	**3259**	**Nil**

It can be seen from **Table 4.2.13** that electricity connections could not be provided in 3,259 public places (1,195 Schools, 276 Panchayats, 167 Health centres and 1,621 others) despite having provisions under the RGGVY scheme.

TSECL in its reply (October 2021) stated that, due to curtailment of project cost estimated in the DPRs as well as non-receiving the sanction for the same from REC, the proposed connectivity to the public places could not be provided under the RGGVY.

4.2.11.5 Implementation of RGGVY.

As discussed in **Paragraph 4.2.11.3**, the actual implementation of laying of lines/ construction of sub-stations, household connection, installation DTR meters, construction of new sub-station and augmentation of sub-stations fell short of targets by 2.23 *per cent* to 61.53 *per cent* in the State under RGGVY.

The inadequacies noticed in implementation of RGGVY in four sampled districts, *viz.* West Tripura, Sepahijala, Gomati and Dhalai are discussed in the subsequent paragraphs.

4.2.11.5 (a) Inadequacy in implementation of RGGVY

For implementation of RGGVY, TSECL prepared DPRs with an estimated cost of ₹ 556 crore based on Tripura Schedule of Rates (SoR), 2013 and submitted (January 2014) to REC for its appraisal. The DPR includes 1,03,217 BPL household electricity connections and creation of infrastructure like laying of 3,257.65 Ckm new 11 KV line, 4,100.31 Ckm new LT line, 135.70 Ckm new 33 KV line, installation of 3,223 DTRs, construction of 13 new 33/11 KV sub-stations and augmentation of four existing 33/11 KV sub-stations.

It was noticed that REC curtailed the estimated cost of ₹ 556 crore by 43 *per cent* and sanctioned ₹ 316.16 crore. The amount sanctioned by REC did not adhere to the estimates which was prepared by TSECL based on Schedule of Rates (SoR), 2013. However, the REC directed the State to limit the expenditure within the sanctioned cost.

The original and sanctioned DPR cost of four sampled districts is given in **Table 4.2.14**.

Table 4.2.14: Original and sanctioned DPR cost of four sampled districts

(₹ in crore)

Name of the District	Original DPR Cost	Sanctioned By REC
West Tripura	₹ 57.52	₹ 33.66
Dhalai	₹ 84.45	₹ 48.33
Gomati	₹ 52.88	₹ 31.28
Sepahijala	₹ 74.46	₹ 40.84

The electrification works under RGGVY include construction of new sub-transmission and distribution network including service connections to BPL households and construction of 33/11 KV sub-stations with double storied control room cum office building, equipment foundation, boundary wall and land development for rural electricity infrastructure and rural household electrification.

Out of the four sampled RGGVY projects/ districts, TSECL awarded the electrification works of Sepahijala District and West Tripura District to two contractors[117] on turn-key basis. For implementation of RGGVY in remaining two sampled projects *viz.* Dhalai and Gomati Districts, no responsive bidders were available for electrification works despite inviting of tenders repeatedly. Thus, with the approval (August 2015) of REC, TSECL decided to execute the electrification work departmentally wherein TSECL procured major materials and awarded erection works through open tender.

The irregularities noticed in implementation of the departmentally executed project are discussed in subsequent paragaraphs.

4.2.11.5 (b) Reduction in the scope of work

As per RGGVY guidelines, the GoI sanction shall be restricted to 90 *per cent* of the sanctioned cost and under no circumstances, there will be upward revision of GoI grant component as approved by the Monitoring Committee. In case upward variation of project cost is necessary, the State Government may use its own resources or approach the REC for additional loan. In case, the State Government is not willing to utilise its own resources or take additional loan from REC, then it may recast the DPRs by reducing the scope of work (Bill of Quantities) and restricting the award cost within the sanctioned cost. The State Government may reduce the coverage, if, it becomes absolutely necessary. In this case the State Government would have to bear the responsibility to cover left out villages/ habitations and BPL households in future at its own cost.

Scrutiny of records[118] revealed that TSECL prepared estimates (February 2014) of ₹ 32.17 crore, ₹ 46.18 crore and ₹ 29.97 crore for West Tripura District, Dhalai District and Gomati District respectively by reducing scope of work to limit the DPR

[117] M/s Everest Infra Pvt. Ltd and M/s Bhattacherjee Construction in Sepahijala and West Tripura respectively

[118] The tendering process for the RGGVY works in respect of Sepahijala District could not be checked as records pertaining to the tendering process could not be made available to audit by NEEPCO.

cost within the sanctioned cost approved by REC. Audit noticed that the lowest prices offered by bidders in response to the tender were 42 *per cent* to 83 *per cent* above the estimated cost put to tender. TSECL further, reduced estimates of the three projects by 40 *per cent* to 42 *per cent* and prepared (August 2014) fresh estimates for ₹ 19.30 crore. ₹ 27.71 crore, ₹ 18.73 crore for West Tripura, Dhalai and Gomati Districts respectively to limit the overall expenditure within the sanction of GoI.

Due to reduction of estimates various parameters had been reduced significantly ranging from two *per cent* to 83 *per cent*. Further, some major works like construction of new 33/11 KV sub-stations[119], laying of 10 Ckm new 33 & 66 KV lines, augmentation of 33/11 KV existing sub-stations[120], laying of 11 KV feeder lines were excluded by TSECL while awarding the works. Due to reduction of scope of work there was adverse effect on implementation of the scheme like shortfall in laying of lines, construction of sub-stations, augmentation of existing sub-stations, non providing of electric connection in public places and shortfall in providing service connection to BPL households as discussed at **Paragraphs 4.2.11.2, 4.2.11.3**, **4.2.11.4** and **4.2.11.5 (c)**. Details of sanctioned and awarded components are given in **Appendix 4.2.2**.

Audit observed that the State had shown the high dependency on central grants in implementation of scheme. The State did not utilise its own resources to complete the left out works as envisaged in the guidelines. Further, in spite of having provisions for availing loan from REC with extended relaxations[121], the State Government did not avail the loan. Thus, the State did not fulfil its requirement in providing improved electricity infrastructure so as to avoid the additional financial burden on it.

TSECL in its reply (October 2021) accepted the audit observation and stated that Tripura being a small State was unable to bear the additional financial burden that would have come upon if the same was regularised. Even taking loan from any financial institution or REC as per provision seemed to be tough as repayment had to be done for the same in crores. TSECL than became bound to reduce the scope further so that the quoted rates of bidders did not exceed the sanctioned values to avoid the additional financial burden which resulted shortfall in electrification of villages under the scheme as discussed at **Paragraph 4.2.11.2**.

4.2.11.5 (c) Shortfall in providing service connection

As a result of curtailment of estimated cost of the projects as stated in **Paragraph 4.2.11.5 (a)**, scope of works for providing service connection to BPL household was reduced by 13 *per cent* to 42 *per cent.* Details are given in **Table 4.2.15**.

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[119] Construction of new sub-stations at Durgachowmuhani in Dhalai District and at Tepania in Gomati District

[120] at Salema in Dhalai District and Kakraban (Rani) in Gomati District. Construction of 33/11 KV sub-station at Tepania had been carried out by separate work order through turkey contract but could not be completed as on March 2020.

[121] like minimum interest and long repayment tenure with five years moratorium facilities on the principal amount

Table 4.2.15: BPL connections provided under RGGVY scheme

(*in Number*)

District/ Project	Actual as per DPR	Achievement	Shortfall	Shortfall (*in per cent*)
West Tripura	8620	6500	2120	25
Dhalai	14226	12416	1810	13
Gomati	15328	8871	6457	42
Sepahijala	11924	7462	4462	37
Total	**50098**	**35249**	**14849**	**30**

TSECL in its reply (October 2021) accepted the observation and stated that due to curtailment of sanctioned cost by the GoI, TSECL had to reduce the scope of work which resulted in shortfall of achievement of target set in the recast DPRs.

4.2.11.5 (d) Villages left out without sufficient reasons

Scrutiny of closure report of RGGVY submitted to REC revealed that one village[122] in West Tripura District and 11 villages[123] in Dhalai District that were left out during execution of work without any reasons. Consequently, 1,214 rural households[124] were deprived of electrification and 352 BPL households [125] did not get electricity connections in West Tripura District and Dhalai District though the amount was sanctioned for electrification of those villages. As per agreement, the State Government had to bear the responsibility to cover left out villages/ habitations and BPL households in future at its own cost, electrification of these villages had not been carried out till September 2021.

TSECL in its reply (October 2021) accepted the audit observation and stated that the electrification work of those villages could not be taken up due to interior terrain location, however, it would be covered under DDUGJY (Addl infra) scheme.

4.2.11.6 Inadequacy in implementation of DDUGJY

TSECL acted as the PIA in all the eight districts of Tripura. The works were awarded district-wise to contractors on partial turn-key basis. TSECL decided to procure the major/ high-value materials like DTRs, Aluminium Conductor Steel-Reinforced (ACSR) cables, LT Aerial Bunched (AB) cables, *etc*. in a centralised manner through the Materials Management Division (MMD), while all the other materials were to be procured by the partial turn-key contractors. The works were awarded to the contractors in July 2017 with a stipulated completion time of 24 months.

The irregularities noticed in implementation of the scheme are discussed in the subsequent paragraphs.

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122 Dumrakari Dak

123 Lalchhara, Kanchanpur, Srirampur, Duraichhara, Bishnupur, Ultachhara, Mainama, Ghagrachhara, Sonapur, Sadhujan Para, Purba Nalichhara (Total 701 rural households and 233 BPL households)

124 513 rural household in West Tripura District and 701 households in Dhalai District

125 119 BPL households in West Tripura District and 233 BPL households in Dhalai District

4.2.11.6 (a) Probable loss of additional grant

Aggregate Technical and Commercial (AT&C) loss is one single key performance indicator that reveals the efficiency level of the DISCOM at a glance. AT&C losses is a combination of energy loss (technical loss *plus* theft *plus* inefficiency in billings) and commercial loss (default in payment *plus* inefficiency in collection). AT&C losses means ratio between quantum of power the Company injects into the supply area in given period and the quantum of power it manages to raise bill for (denoted as billing efficiency) and the ratio of amount the Company is able to collect from the supply area with respect to the amount billed for a given period (denoted as collection efficiency). Expressed as a formula, it denotes:

{1 *minus* (Billing Efficiency X Collection Efficiency)} X 100

Source: *National Power Portal*

The quantum of power is measured in million units (MU) where unit denotes one kilo watt hour (kwh).

As per the DDUGJY guidelines, the DISCOM was required to prioritise the scope of work to ensure reduction of AT&C losses as per the DISCOM wise trajectory finalised by the MoP in consultation with the States. The release of additional grant of 50 *per cent* of loan component under the scheme (*i.e.* five *per cent* of total outlay) was also contingent upon achievement of this AT&C loss reduction trajectory.

The year-wise AT&C loss targets set by the MoP in consultation with the State Government, and actual AT&C loss figures from 2014-15 to 2019-20 is given in **Table 4.2.16**.

Table 4.2.16: Year-wise AT&C loss targets and actual AT&C loss

(*in percentage*)

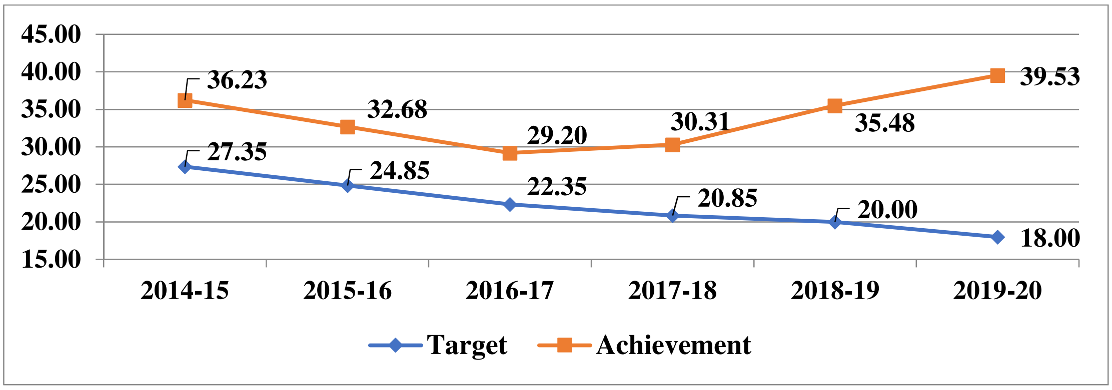
Year	Targets (maximum admissible loss)	Actual AT&C loss at the end of the year	Shortfall
2014-15	27.35	36.23	8.88
2015-16	24.85	32.68	7.83
2016-17	22.35	29.20	6.85
2017-18	20.85	30.31	9.46
2018-19	20.00	35.48	15.48
2019-20	18.00	39.53	21.53

Source: *Targets - DDUGJY guidelines; Achievement – Power Finance Corporation (PFC) data (for 2014-15 to 2018-19), TSECL data (for 2019-20)*

It can be seen from **Table 4.2.16** that, TSECL did not achieve the year-wise AT&C targets during 2014-15 to 2019-20. Although the losses came down marginally during 2014-15 to 2016-17, it has been on an upward trajectory since then and the gap between the AT&C loss targets and the actual losses has been widening every year as detailed in **Chart 4.2.2**.

Chart 4.2.2: Aggregate Technical and Commercial loss targets and achievement

(in *percentage*)



Thus, the implementation of the scheme did not bring out the desired outcomes in terms of reduction in AT&C losses which was envisaged as one of the major objectives for implementation of the scheme. This may lead to loss of additional grant of ₹ 3.69 crore (five *per cent* of project cost of ₹ 73.75 crore).

In reply (October 2021), TSECL accepted the audit observation and stated that to reduce the AT&C losses, considerable amount of renovation/ augmentation/up-gradation of the existing infrastructure was required. Further, due to insufficiency of fund under the scheme for strengthening of system, it could not go as per the plan to strengthen the electrical system of the State to reduce the AT&C losses.

4.2.11.6 (b) Probable loss of final tranche due to discontinuation of Project Management Agency

As per para 1.2 of the guidelines of DDUGJY, Project Management Agency (PMA) is to be appointed to assist PIA in project formulation, bidding process, monitoring the physical and financial progress of the scheme. The main function of the PMA is to assist utility in project management and ensure timely implementation of the project. Appointment of PMA is a pre-requisite for release of funds from Nodal Agency under the scheme. As per para 2.4.4 of the scheme guidelines, recommendation of the PMA regarding achievement of stipulated objectives is mandatory to avail final tranche (10 *per cent*) of the eligible grant. The tenure of PMA shall be 33 months[126]. In case, the works under the project is executed beyond 24 months, the services of PMA shall be suitably extended by the utility. However, the extent of grant shall be limited as per the provision. GoI will provide 100 *per cent* financial assistance towards expenditure incurred on engagement of PMA subject to 0.5 *per cent* of approved project cost or award cost, whichever is lower. The utility has to bear any cost beyond the provision from its own resources for deployment of PMA.

TSECL was allocated an amount of ₹ 0.37 crore (0.5 *per cent* of sanctioned project cost of ₹ 74.12 crore) for engagement of PMA. Accordingly, TSECL engaged M/s N-Arch consultancy, a Delhi based firm, as PMA for DDUGJY with a contract

[126] Six months for completion of bidding process, 24 months for completion of works and three months for associated activities after completion of the works

value of ₹ 0.52 crore (*i.e.* 40.54 *per cent* higher than sanctioned cost of ₹ 0.37 crore[127]). However, the contract value was revised to ₹ 0.59 crore after implementation of GST.

As per agreement with PMA, the contract period was from March 2016 to March 2019. However, the project was not completed within the stipulated period and extended upto March 2020 due to non-installation/ replacement of energy meters. The services of the PMA which was required to be extended as per the scheme guidelines, was not extended by TSECL.

Due to discontinuation of the engagement of PMA before completion of the projects, the recommendation of PMA on the achievement of stipulated objectives was not available in the closure report of the projects. The absence of PMA recommendation may deprive TSECL of the final tranche of ₹ 7.41 crore (10 *per cent* of the eligible grant of ₹ 74.12 crore).

TSECL in its reply (August 2021) accepted the audit observation and stated that it had discontinued the service of PMA due to fund constrains and to avoid additional financial burden on State. It also stated that the PMA had completed most of the works as per agreement except the "Metering" portion. However, TSECL approached the REC for getting additional fund to complete the left-out work, however, REC did not respond. TSECL again approached to REC (September 2020) for getting exemption of PMA service for the left out work so that the release of final tranche could not be hampered.

4.2.12 Irregularities pertaining to Contract Audit under RGGVY and DDUGJY

Audit observed following irregularities in the implementation of contracts:

4.2.12.1 Delay in award of the projects

As per RGGVY guidelines, works shall be awarded within 90 days from sanction of the project. Similarly, DDGUJY guidelines stipulate that works shall be awarded within six months (180 days) from the date of communication of the approval by the Monitoring Committee.

Out of the four sampled districts in the State, works for implementation of RGGVY in West Tripura and Sepahijala projects were awarded on turn-key basis. Whereas in Dhalai District and Gomati District, the works were executed departmentally wherein TSECL procured the major materials through open tender and supplied to the project divisions and erection works were carried out on partial turn-key mode. Total 63 LoAs were issued to different contractors for execution of works in three districts (except Sepahijala District). In Sepahijala District execution of RGGVY was entrusted to NEEPCO and separate LoA was issued to the turn-key contractor.

Similarly, DDUGJY works in four sampled districts were carried out on partial turn-key basis wherein major materials were procured by TSECL through open tender and supplied to the project divisions and erection works were carried out on partial

[127] 0.5 *per cent* of sanctioned cost of ₹ 74.12 crore

turn-key mode. Total four LoAs were issued to different contractors for execution of erection works in four districts and four LoAs were issued for procurement of materials.

Audit observed delays in award of projects in the sampled districts as detailed in **Table 4.2.17**.

Table 4.2.17: Details of approval, award of the projects

Sl. No.	Name of the Project	Date of approval of DPR by MC	Total Number of LoA issued	Date of award of the Project by PIA
RGGVY				
1	West Tripura	10.01.2014	1	30.08.2014
2	Dhalai	10.01.2014	32	22.12.2015[128]
3	Gomati	10.01.2014	27	22.12.2015[129]
4	Sepahijala	10.01.2014	1	18.09.2014
DDUGJY				
5	West Tripura	17.09.2015	1	03.06.2017
6	Dhalai	17.09.2015	1	03.06.2017
7	Gomati	17.09.2015	1	03.06.2017
8	Sepahijala	17.09.2015	1	03.06.2017

Audit observed that out of 61 works awarded under RGGVY, 19 works were awarded with the delays ranging between 94 days and 297 days, beyond 90 days from the stipulated completion date (*i.e.*180 days) as detailed in **Appendix 4.2.3**.

In respect of DDUGJY scheme, there was delay in awarding ranging from 310 to 312 days beyond 180 days in all the four sampled projects as detailed in **Appendix 4.2.3**.

TSECL stated (February 2022) that the award of works in respect of RGGVY scheme was delayed due to lengthy tendering process. In respect of works related to DDUGJY scheme, TSECL contended that there was delay only in case of metering works. However, the reply is not tenable as the delay in award has been calculated on award of supply and erection works.

4.2.12.2 Violation in award of contracts under DDUGJY

As per para 8 of chapter II of DDUGJY guidelines, award of contracts by PIAs was required to be as per Standard Bidding Documents (SBD) and technical specification provided by REC, contract award manual/ policy of PIA, *etc*. Audit observed deficiencies in appointment of Third-Party Inspection Agency and undue benefit in awarding of contracts.

Rule 184 of the General Financial Rules (GFR), 2005 and Rule 204 of the GFR, 2017 envisage that engagement of an agency for outsourcing of job through nomination by choice is allowed only in the exceptional circumstances. Further, Central Vigilance Commission (CVC) guidelines suggested that tendering process or public auction is a basic requirement for the award of contract by any Government agency as any other method, especially award of contract on nomination basis, would amount to a breach of fairness and equal opportunity, which implies right to equality to all interested parties.

[128] Date of issue of 1st LoA
[129] Date of issue of 1st LoA

Scheme guidelines did not have any provision for engagement of Project Management Consultancy (PMC). However, TSECL engaged Rural Electrification Corporation Power Development and Consultancy Ltd. (RECPDCL)[130] as PMC in three districts namely Dhalai District, Unakoti District and Gomati District without inviting any tender for assisting in various stages of rural electrification works like preparation of DPRs and bid documents, uploading and evaluation of tender documents, preparation of LoA, monitoring of delivery and erection schedule, project supervision, *etc*. The work was awarded (August 2015) to RECPDCL for 30 months (i.e. up to February 2018) at the cost of ₹ 1.66 crore *plus* 14 *per cent* service charge.

Scheme guidelines stipulate that the DISCOM requires to deploy Third-Party Inspection Agency (TPIA) through outsourcing by tendering process for carrying out Tier-I of Quality Assurance (QA) inspection. It was also noticed in audit that TSECL again engaged (January 2017) RECPDCL on nomination basis for conducting Tier-I stage of quality monitoring without inviting any tender.

Apart from that, TSECL extended the contract period of RECPDCL on several occasions[131] upto March 2020 with the extension[132] of project completion date of the RGGVY. The RECPDCL enhanced its rate by 10 *per cent* due to price escalation[133] on fixed monthly fees on existing agreement value of ₹ 1.66 crore. As such, the final contract price was increased to ₹ 2.88 crore. RECPDCL was paid ₹ 2.82 crore (up to 38th RA Bill, September 2020).

Thus, in violation of the financial rules and CVC guidelines, TSECL irregularly engaged RECPDCL on nomination basis. Thus, TSECL also denied market access to other consultancy services provider like Power Grid Corporation of India Ltd, National Thermal Power Corporation (NTPC), Electric Supply Company Ltd. and National Hydro Power Corporation Ltd. *etc*.

TSECL in its reply (June 2021) did not furnish any specific reason on engagement of PMC in violation of scheme guidelines

4.2.12.3 Avoidable expenditure

TSECL decided to execute the rural electrification work in Gomati District departmentally under RGGVY scheme. The Monitoring Committee (MC) has also allowed (August 2015) TSECL to execute the work departmentally in Gomati District. As per guidelines, the award of contract was required to be completed within 90 days from the date of sanction of the project.

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130 RECPDCL, a wholly owned subsidiary of REC, was incorporated with the objectives of (i) promoting, developing, constructing, owning, operating, distributing and maintaining 66 KV and below voltage class electrification/ distribution electric supply lines/ distribution systems; (ii) promoting, developing, constructing, owning and managing Decentralised Distributed Generation and associated distribution systems; and (iii) facilitating consultancy/ execution of the above for other agencies/ government bodies in India and abroad.

131 1st extension- March 2018 to June 2018, 2nd extension-July 2018 to December 2018, 3rd extension-January 2019 to June 2019, 4th extension- July 2019 to December 2019, 5th extension- January 2020 to March 2020

132 RGGVY was extended up to December 2020.

133 1st escalation @10 *per cent* from July 18 (from 23rd RA bill), 2nd escalation @10 *per cent* from January 2020 (36th RA bill)

After introduction of GST, Excise duty, CST and local Sales Tax has been subsumed and replaced by GST. GST on Freight and Insurance and Erection work (in case of composite work) has been imposed at the rate of 18 *per cent*.

Audit noticed that while preparing the estimates of work under RGGVY, the TSECL excluded the construction work of 33/11 KV sub-station at Tepania block in Gomati District. It was further noticed in audit that NIT for construction of 33/11 KV sub-station work was floated in March 2017 *i.e.*19 months after approval of the MC and the work was awarded (December 2017) to M/s Electric House[134]. In the meantime, GST was rolled out (July 2017) and the Bill of Quantities (BOQ) quoted by the contractor increased from ₹ 4.82 crore[135] to ₹ 5.10 crore due to imposition of GST on Freight and Insurance and Erection work. This resulted in extra financial burden of ₹ 28 lakh to TSECL which would have been avoided if the work had been taken up earlier.

TSECL accepted (June 2021) the audit observation.

4.2.12.4 Excess expenditure on service connections

As per RGGVY guidelines, cost of providing free electricity to BPL households in village and habitation was ₹ 3,000 per connection.

The electrification works for Dhalai District was carried out departmentally which involved procurement of materials and execution of erection works through separate tenders. Scrutiny of closure proposal submitted by Dhalai District revealed that electricity connection to 12,416 BPL households was provided at a cost of ₹ 6.54 crore instead of sanctioned cost of ₹ 3.72 crore[136]. This resulted in extra expenditure of ₹ 2.82 crore in providing service connections to 12,416 BPL households.

Audit noticed that REC also did not allow the excess expenditure of ₹ 2.82 crore in its approval of closure proposal for Dhalai District and communicated (April 2020) that extra expenditure of ₹ 2.82 crore would have to be borne by the State.

TSECL accepted (June 2021) the audit observation.

4.2.12.5 Extra expenditure due to excess consumption of materials

As per REC guidelines, contractor was directed to make every effort to minimise the breakage, losses and wastage of line materials (not exceeding one *per cent* against each item) supplied by the DISCOM during execution of erection works.

Electrification work in Dhalai District under RGGVY was carried out departmentally by TSECL wherein supply of major materials was done by TSECL itself and execution of erection works was taken up separately through tendering. Execution of erection work of HT lines and LT lines, installation of distribution sub-station and providing of BPL service connection at Ambassa Block in Dhalai District was

[134] Stood as L1 bidder
[135] including Excise Duty (ED), CST, Freight and Insurance (F&I) and Tripura VAT as extra
[136] ₹ 3,000 per BPL service connection

awarded (July 2016) to a contractor[137]. TSECL procured the major materials like ACSR conductor, AB cables, *etc.* centrally for supplying materials to contractors for execution of erection work in different blocks.

Scrutiny of records revealed that against the requirement of 1,328.70[138] Km conductors, the contractor consumed 1,632.52 Km conductors. This resulted in excess consumption of 303.82 Km conductors as detailed in **Table 4.2.18**.

Table 4.2.18: Excess expenditure due to excess consumption of materials

Excess consumption of materials used under RGGVY in Dhalai District								
Materials	**Line erected (in Kms)**	**Conductor required as per line erected (in Kms)**	**Allowed unaccountable wastage *(1 per cent)***	**Total requirement of conductor (Km)**	**Conductor used (in Kms)**	**Excess consumption (in Kms)**	**Unit cost of material (in ₹)**	**Total cost of excess material (₹ in lakh)**
New 11 Kv line on ACSR weasel	348.62	1045.86	10.46	1056.32	1241.26	184.94	19859.60	36.73
New LT line 1 ph AB cable	72.52	72.52	0.73	73.25	76.78	3.53	79922.70	2.82
New LT line 3 Ph 4 wire ACSR/ AB cable	49.29	197.16	1.97	199.13	314.48	115.35	19888.40	22.94
Total	**470.43**	**1315.54**	**13.16**	**1328.70**	**1632.52**	**303.82**		**62.49**

It can be seen from **Table 4.2.20** that due to excess consumption of 303.82 Km conductors, there was excess expenditure of ₹ 62.49 lakh on execution of work of HT lines and LT lines.

TSECL in its reply (June 2021) accepted the audit observation and stated that during the approval of closure proposal, Monitoring Committee, GoI curtailed the total expenditure and allowed the expenditure as per approved unit cost only.

From the reply, it is evident that the State would have to bear the additional liability of ₹ 62.49 lakh.

4.2.12.6 Undue benefit to contractor

As per clause 4 of LoA, 50 *per cent* performance security (15 *per cent* of total contract price) shall be deposited in the shape of Bank Guarantee (BG) as per the format of bidding document in favour of TSECL in any nationalised bank and the balance 50 *per cent* performance security amount shall be deducted from running bills on pro-rata basis from each bill till full realisation of Contract Performance Guarantee (CPG) *i.e* 100 *per cent.* In addition to performance guarantee, 50 *per cent* additional performance security amount (15 *per cent* of total cost of meter and transformer) shall

137 M/s Sri Sudhansu Bhattacharjee
138 required quantity after allowing the unaccountable wastage of one *per cent*

be deposited in the shape of Bank Guarantee (BG) as per the format of bidding document in favour of TSECL on any nationalised bank and balance 50 *per cent* performance security amount shall be deducted from running bills on pro-rata basis from each bill till full realisation of CPG, *i.e.* 100 *per cent.*

The electrification works of West Tripura District under RGGVY was awarded (August 2014) to a contractor[139], on turn-key basis with the agreement value of ₹ 27.12 crore.

Accordingly, the contractor submitted (December 2014) the CPG of ₹ 2.03 crore and furnished (January 2015) additional performance security of ₹ 57.16 lakh. Both the CPG and additional performance security were valid up to November 2017.

Audit noticed that the work under RGGVY in West Tripura District commenced in August 2014 and was completed in September 2018 and accordingly, defect liability period was required to be extended up October 2019. But the contractor did not extend the CPG and Additional Performance Security after November 2017 and was allowed to carry out the work without any performance security.

TSECL accepted the fact and stated that the contractor would not escape the liability to rectify any defects that may arise within the defect liability period since TSECL had held up 50 *per cent* of the CPG and additional CPG from RA bills.

This had resulted in dilution of the CPG clause as the full amount of CPG was not available with TSECL as mandated by the agreement clause.

4.2.12.7 Avoidable expenditure due to lack of due diligence by PIA

As per the scheme guidelines, single contract is to be awarded in each district for execution of RGGVY work. In case of award of more than one contract is inevitable, then for proper accounting of project same bill of quantities, same rates and terms and conditions are to be used for all the contracts so awarded.

Comparative analysis of the rates of six major items supplied by the contractors under the RGGVY in two districts[140] with the LoA issued to the contractors for procurement of those items by the company revealed the following irregularities:

a. **Different ex-factory rate on same items within the same district:** In Gomati District different ex-factory rates (excluding freight and insurance) were allowed for supply of the same materials with identical specification in all packages to different contractors. Justifications for accepting different rates on items with the same specification from different contractor were not found on record. The difference in unit rate went up to nearly seven *per cent* to 13 *per cent* with a total financial impact of ₹ 17.93 lakh as detailed in **Appendix 4.2.4(a)**.

[139] M/s Bhattacharjee Construction
[140] Dhalai and Gomati Districts

b. **Different rate-different contractors-neighbouring district**: Comparative analysis of the rates of three major items[141] supplied by contractors under the RGGVY in two districts[142] with the LoA issued to the contractors for procurement of these items revealed that, while finalising the tender, TSECL did not compare the rates of standard items with the same capacity and specification quoted by different tenderers for similar works in the neighboring district. As a result, the rates allowed to the contractors under the LoA for supply of six major items were significantly higher than rates of those items allowed to the contractors of the neighbouring districts. The higher price allowed on three major items ranged from one *per cent* to 39 *per cent* and resulted in avoidable expenditure of ₹ 76.16 lakh as detailed in **Appendix 4.2.4(b)**.

Thus, absence of proper analysis on cost of the materials put to tender, led to avoidable expenditure of ₹ 94.09 lakh on procurement of material under the scheme.

c. **Unreasonable price variations in similar erection works under DDUGJY scheme:** Scrutiny revealed that the rates quoted for the same item of erection work in sampled districts varied appreciably even though the works were awarded on the same day, as detailed in the **Appendix 4.2.5**. This resulted in avoidable extra expenditure of ₹ 85.95 lakh. The justifications for wide variation in cost of similar erection works between adjacent districts were not found on record. TSECL had also not performed any exercise to rationalise the rates quoted for different work components.

TSECL in its reply (October 2021) accepted the audit observation and stated the variation of rates for supplying of different items and to different locations and execution of erection works in different locations was due to remote and terrain locations of the places. The reply is not acceptable since audit considered the ex-factory rate only while calculating the price variations.

4.2.12.8 Procurement of materials from un-authorised/un-approved vendors

Rural electrification works under RGGVY scheme for West Tripura District was awarded to a contractor[143] on turn-key basis. Scrutiny of record revealed that the agency procured various materials including Village Electricity Infrastructure (VEI) materials like Distribution Transformer, Overhead Conductor, PVC cable amounting to ₹ 4.25 crore from unauthorised vendors which were not included in the approved vendor list of TSECL. Details are given in **Appendix 4.2.6**.

Thus, the procedure followed by TSECL did not follow the vendor approval policy stipulated in the guidelines to ensure the level-zero Quality Assurance Mechanism (QAM) during course of the project execution.

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141 ASCR wheasel conductor 6/1/2.59, Steel Tubular Poles, 8 mtr. long (IS Designation 410 SP-15) ISS: 2713 (P-I, P-II), 1980 and Steel Tubular Poles, 9 mtr. long (IS Designation 410 SP-32) ISS: 2713 (P-I, P-II), 1980

142 Dhalai and Gomati Districts

143 M/s Bhattacherjee Construction

TSECL in its reply (August 2021) accepted the fact and said that it did not have any approved vendor list for supplying of materials in different RE schemes.

4.2.13 Providing last mile connectivity and electricity connection to rural households under Saubhagya

As per the information furnished by the by the State to the Ministry of Power (MoP), Government of India (October 2017), total 2.16 lakh rural and 0.20 lakh urban households were un-electrified in the State. However, only 1,41,623 rural households were proposed to be electrified under Saubhagya Scheme by the State, which included 1,38,024 rural grid and 3,599 rural off grid connections. Further, Audit noticed that 0.20 lakh urban households were also electrified under Saubhagya Scheme. However, there was no projection for providing connections to the urban households in the DPR submitted by the State Government for implementation of the scheme. Details of household electrification in the State under Saubhagya from 11 October 2017 to 31 March 2020 is stipulated in **Table 4.2.19**.

Table 4.2.19: Details of household electrification under Saubhagya/ DDUGJY

(*in Number*)

Total Rural Households as on 10.10.2017 as per details given by the State	Electrified Rural Households as on 10 October 2017	Balance Unelectr-ified Rural Households as on 10 October 2017	Rural Household electrified from 10 October 2017 to 31 December 2018 (when saturation was reported by the State) (a)	Additional Rural Households electrified from 1st January 2019 onwards due to special campaign till 31 March 2020 (b)	Total Progress (a+b)	Balance Un-electrified Rural House-holds	Rural Household not electrified as on 31.03.2020 (in percentage)
7,96,000	5,80,000	2,16,000	1,06,683	2,682	1,09,365[144]	1,06,635	13.40

It is evident from **Table 4.2.19** that out of total 7,96,000 rural households as on 10 October 2017, 1,06,635 households (13.40 *per cent*) remained un-electrified in the State as on 31 March 2020. However, it was noticed that the State furnished (November 2018) the saturation certificate regarding 100 *per cent* electrification of all the households to REC/ MoP.

In reply, TSECL stated (February 2022) that the balance un-electrified household as on 10 October 2017 was not based on any survey figure of that period. However, the actual scenario of the un-electrified households in the State was clarified after detailed foot survey conducted in the State during 2017-18 in the State. It further stated that the figures of approved guidelines of MoP is not reflecting the actual figure of un-electrified households.

The reply is not acceptable. As per the approved guidelines of the Saubhgya Scheme, status of un-electrified household as of 10 October 2017 was furnished to the MoP by the respective States. Any correspondence/ corrigendum issued by the MoP regarding

[144] Grid – 1,05,764; Off-grid – 3,601

acceptance of change in number of figures of un-electrified households was not available on record and were not furnished by the TSECL with the reply.

Further, the TSECL did not furnish specific reasons for declaring the State as 100 *per cent* electrified despite shortfall in achievement.

Under-achievement of the planned targets was attributable to inadequacies in planning, implementation, monitoring as discussed in subsequent paragraphs.

4.2.13.1 Inadequacies in Planning

4.2.13.1 (a) Non-documentation of detailed field survey before preparation of DPR

Saubhagya Scheme guidelines envisage that, during implementation of the projects, implementing agencies shall carry out field survey for identification of beneficiaries and village-wise/ habitation-wise details of households. Scheme guidelines also envisage for proper documentation of base line data, background papers like field survey report for identification of intended beneficiaries, Need Assessment Document in the Ministry's prescribed format, basis of estimation {Schedule of Rates (SOR)} and Programme Evaluation and Review Technique (PERT) chart. Documentation of base line data will help in assessing the broad scope of works as well as formulating a Detailed Project Report (DPR).

Audit observed that no survey was conducted as per the guidelines before preparation of DPR.

TSECL in its reply (August 2021) stated that district level officers collected data from field as well as from blocks and panchayats and sent to TSECL Corporate office, Agartala after compilation. The reply is not acceptable as TSECL Corporate office did not furnish the compiled data/ survey report received from the district level offices to Audit.

4.2.13.1 (b) Delay in submission of DPRs on Saubhagya DPR portal

As per para 11 of Chapter II of Saubhagya Scheme guidelines, States were required to submit DPRs by 6 November 2017. Audit observed that TSECL submitted DPRs for eight districts/ projects on 7 April 2018 after the delay of 152 days.

Reasons for delay in submission of DPRs on Saubhagya DPR portal were not furnished by the TSECL, though called for (December 2021) in audit.

4.2.13.1 (c) Submission of DPRs without approval of State Level Standing Committee

As per para 5 of Chapter II of Saubhagya guidelines, DPRs were to be approved by the State Level Standing Committee (SLSC) before sending to REC/ MoP. Audit observed that DPRs in respect of four sampled projects[145] in the State were submitted to REC without the approval of SLSC.

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[145] Gomati, Khowai, Dhalai and North Tripura Projects

TSECL while replying (February 2022) accepted the audit observation and stated that approval of SLSC was not taken prior to the submission of DPR due to the urgency and emergency in submission of DPR.

Therefore, TSECL violated the provisions of the guidelines.

4.2.14 Implementation of Saubhagya

Audit noticed the several deficiencies in implementation of Saubhagya scheme in the State which are discussed in subsequent paragraphs.

4.2.14.1 Shortfall in achievement of electrification of economically poor households

As per the DPRs submitted by the TSECL to REC/ MoP, 72,770 Below Poverty Line (BPL) households were to be provided free electricity connections by 31 December 2019 in the State. Details of electrification of BPL households is given in **Table 4.2.20**.

Table 4.2.20: Details of electrification of BPL households

(***in number***)

Households Planned for electricity connections through grid as per DPR	Households sanctioned by Monitoring Committee for providing electricity connection through grid	Households actually electrified by 31 March 2019
72,770	67,044	61,651

It can be seen from **Table 4.2.20** that the Monitoring Committee, MoP sanctioned 67,044 BPL households for electrification against 72,770 BPL households proposed by the State. Further, the State provided electricity connections to 61,651 BPL households against the sanction of 67,044 resulting in shortfall of 5,393 (eight *per cent*) households. Thus, TSECL failed to provide household connections to all BPL families within the target date as approved by the Monitoring Committee.

Reasons for shortfall in providing electricity connections to BPL households were not furnished by the TSECL, though called for (February 2022).

4.2.14.2 Delay in completion of the projects by TSECL

As per the Saubhagya Scheme guidelines, if the State completes 100 *per cent* electrification by 31 December 2018, the State was eligible for additional grant of five *per cent i.e.* 50 *per cent* of loan component was convertible to grant. Due to non-completion of the work, the REC extended the deadline for completion of work in the State to 31 December 2020. The works were completed in December 2020. However, TSECL submitted the closure proposal of the scheme only in August 2021. Therefore, there was a delay of 21 months in completion of eight projects from the deadline stipulated in the scheme guidelines as detailed in **Table 4.2.21**.

Table 4.2.21: Delay in completion of projects

<table>
<tr><th>District</th><th>Date of award of Project</th><th>Actual target date of completion of Project (31 March 2019)</th><th>Actual Date of Completion</th><th>Delay in completion of projects (in months)</th></tr>
<tr><td>West Tripura</td><td>15-10-2018</td><td>31-03-2019</td><td rowspan="8">31-12-2020</td><td rowspan="8">21</td></tr>
<tr><td>North Tripura</td><td>31-08-2018</td><td>31-03-2019</td></tr>
<tr><td>Dhalai</td><td>20-09-2018</td><td>31-03-2019</td></tr>
<tr><td>Unakoti</td><td>31-08-2018</td><td>31-03-2019</td></tr>
<tr><td>Gomati</td><td>31-08-2018</td><td>31-03-2019</td></tr>
<tr><td>Khowai</td><td>20-09-2018</td><td>31-03-2019</td></tr>
<tr><td>Sepahijala</td><td>27-07-2018</td><td>31-03-2019</td></tr>
<tr><td>South Tripura</td><td>27-07-2018</td><td>31-03-2019</td></tr>
</table>

TSECL stated (February 2021) that the delay was due to rain/ stormy weather Right of Way (ROW), poor road connectivity in interior areas and communication and other local issues.

The delay in completion of the projects may lead to loss of ₹ 20.87 crore being five *per cent* of loan component as additional grant as described in **Paragraph 4.2.16**.

4.2.14.3 Shortfall in achievement of additional infrastructure works

Saubhagya scheme had the components of additional infrastructure comprising of DTRs, LT and 11 KV lines. The achievement of these components under the scheme is detailed in **Table 4.2.22**.

Table 4.2.22: Component wise details of requirement, sanction and achievement of works executed under Saubhagya

Components of works	Unit	Requirement as per Saubhagya DPR	Sanctioned	Achievement	Shortfall in achievement of work against sanction	Shortfall in percentage
DTR (New)	Nos	2991	742	629	113	15.23
LT line (New)	Ckm	6214.98	3305.39	3139.19	166.20	5.03
11 KV line (New)	Ckm	2809.70	573.13	405.26	167.87	29.29

It can be seen from **Table 4.2.22** that there was shortfall of 15.23 *per cent* in installation of DTRs, 5.03 *per cent* in laying of LT lines and 29.29 *per cent* in laying of 11 KV lines. The shortfall in creation of infrastructure resulted in delay in providing electricity to all rural households within the target date.

TSECL accepted (February 2022) the fact of shortfall in achievement.

4.2.15 Irregularities pertaining to Contract Audit

Audit observed following irregularities in the implementation of contracts:

4.2.15.1 Wasteful expenditure on Distribution Transformers due to improper storage

RECPDCL placed supply orders between August 2018 and November 2018 to Absolute Projects India Ltd., GEPDEC Infratech Ltd, Power Tech Engineers and

UPRNNL[146] for procuring and supplying 16 KVA, 25 KVA and 63 KVA and 100 KVA Distribution Transformers to TSECL under Saubhagya in six districts. As per supply orders, the DTRs were to be supplied during November 2018 to January 2019 with warranty period of 18 months from the date of supply. Accordingly, the warranty period would end between June 2020 and July 2020.

Scrutiny of records revealed that RECPDCL supplied total 1,318 DTRs valued at ₹ 17.03 crore to the two District stores *i.e.* Ambassa (Dhalai District) and Jirania (West Tripura District). It was noticed that out of 1,318 DTRs of different capacities, 261 DTRs were found defective as those were not able to transfer the current and load due to low insulation resistance. Further, TSECL communicated the matter to RECPDCL within the warranty period regarding poor quality and poor functioning of the transformers and requested RECPDCL for rectification of defects. However, suppliers rectified only 49 DTRs and denied to rectify the remaining 212 DTRs citing poor storage conditions and improper handling of transformers at stores.

As per the tripartite agreement between TSECL, REC and RECPDCL, TSECL was responsible for proper stacking and storage of the material safely with all necessary measures to protect them from external factors such as rain, storm, theft, *etc*. However, Audit noticed that the DTRs were not stored properly as per the agreement. **Photograph 4.2.1** depicts the poor storage and stacking of DTRs.

Photograph 4.2.1: Poor storage and stacking of DTRs

Transformers lying at open space, muddy surface, covered with bushes at Ambassa Store yard in Dhalai District

Thus, due to improper storage of DTRs, the warranty services could not be availed of from the concerned suppliers and expenditure on 212 DTRs valued ₹ 2.74 [147] crore became wasteful as shown in **Appendix 4.2.7**.

146 Uttar Pradesh Rajkiya Nirman Nigam Limited
147 average value calculated since the Divisions did not furnish the capacity wise different DTRs

TSECL in its reply (October 2021) accepted the audit observation and stated that due to lack of infrastructure the transformers were stacked over one another. The seepage of moisture further led to deterioration of the transformers. In its reply, TSECL stated that electricity is being ensured by sharing load from existing DTRs. From the reply it appears that overloading of the existing DTRs would have adversely affected the voltage of the service areas.

4.2.15.2 Idle expenditure on procurement of materials

TSECL engaged RECPDCL during 2018-19 to procure and supply the required material against fresh erection contracts for six districts[148]. As per the supply orders, RECPDCL would supply material at two stores located under West Project Division and Dhalai Project Division for further distribution to different work sites.

It was noticed in audit that out of the total material received amounting to ₹ 69.82 crore during 2018-19, material valued ₹ 37.18 crore was only utilised for execution of work under Saubhagya. Remaining material valued ₹ 32.64 crore was lying idle in the store yard at Dhalai Project Division, Ambassa as on August 2021.

Test check of records relating to consumption of some major materials like Transformers, single and three phase AB cables, LT Distribution Boxes, AB Cable Tie, Polymer Pin Insulator, *etc.* revealed that utilisation of these materials was less than 90 *per cent* which led to blockade of fund of ₹ 32.64 crore as detailed in the **Appendix 4.2.8**. Reasons for material remaining unutilised were not found on record.

The TSECL in its reply stated that the materials were procured in anticipation of utilising the same in DDUGJY scheme.

4.2.15.3 Idle expenditure on providing of service connections kits

Service connection kit is one of the major material which is required for providing service connections to the un-electrified households. It includes various items like meter board, switch board, holder and other accessories.

Scrutiny of records and information furnished by West Tripura and Dhalai project divisions revealed that TSECL had procured a total of 40,000 service connection kits valued ₹ 4.89 crore[149] through open tender from two different agencies. It was noticed that different materials and accessories valued at ₹ one crore were not utilised by the project divisions in the two sampled districts (Dhalai and West Tripura) and were lying idle in the stores though the works had been completed. Details are given in **Appendix 4.2.9**.

TSECL accepted the audit observation and stated (October 2021) that the service connection kits were procured for providing service connections against the partial turn key LoAs issued by fresh tendering. However, less connections were provided under the fresh contracts than the targeted ones, therefore, some of the material procured by TSECL as part of the service connection kits, remain un-utilised.

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[148] Khowai, West Tripura, Gomati, Unakoti, North Tripura and Dhalai

[149] West Tripura – ₹ 2.42 crore, Dhalai District - ₹ 2.47 crore

4.2.16 Probable loss of additional grant

As per para 2.5.9 of the Saubhagya Guidelines, there was a scope to convert five *per cent* [150] loan component [151] to grant by GoI subject to achievement of 100 *per cent* household electrification of all willing households by 31 December 2018.

Monitoring Committee sanctioned ₹ 417.53 crore for implementation of Saubhagya in Tripura out of which ₹ 41.75 crore (10 *per cent of* the total project cost of ₹ 417.53 crore) was loan component which was availed by TSECL (December 2019) from REC. As per guidelines, there was a scope of conversion of loan component of ₹ 20.87 crore (50 *per cent* of loan amount) as grant from GoI subject to completion of the project in all respect within the stipulated time.

TSECL could not provide 100 *per cent* service connections even after due date of completion (December 2018) and there was shortfall of 24.63 *per cent* against 1,41,623 connections sanctioned by REC as on March 2019 which led to loss of additional grant of ₹ 20.87 crore from GoI by the way of conversion of the loan component.

TSECL in its reply (August 2021) stated that all eligible households were given service connection under the scheme, on the basis of which Government of Tripura declared the State as 100 *per cent* electrified on 27 November 2018. Accordingly, they had communicated the matter to REC in December 2018, however, no formal approval had been received from REC in this regard.

Regarding loss of grant, TSECL replied that it had made claim for the fourth and subsequent instalment by proposing 90 *per cent* of the total fund received, as subsidy, against the criteria of 85 *per cent* as per guidelines, and REC had released the fund accordingly.

It was further stated that the loan of ₹ 41.75 crore (@ 10 *per cent*) had been sanctioned by REC against which an amount of ₹ 32.65 crore had already been released by REC, whereas actual requirement of loan was five *per cent i.e.* ₹ 20.87 crore and balance ₹ 9.10 crore will be adjusted in final closure of the scheme.

The reply is not acceptable being purely presumptive as no approval for conversion of 50 *per cent* loan component to subsidy had been given by REC (September 2021). Further, TSECL could not achieve the target of 100 *per cent* service connections within the stipulated time (December 2018).

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[150] five *per cent* for special category State and 15 *per cent* for other category of States

[151] As per funding pattern of the scheme 85 *per cent* of the approved project cost is to be provided as grant from Government of India (GOI), five *per cent* of the approved project cost is to be provided by the State Government and balance 10 *per cent* of the approved project cost is to be arranged by the DISCOM/ utility as Loan from Financial Institutions. Guidelines also provide the scope of conversion 50 *per cent* loan component as grant subject to achievement of 100 *per cent* household electrification of all willing households by 31 December 2018.

4.2.17 Inadequacies in Monitoring and Evaluation

4.2.17.1 Deficiencies in monitoring under RGGVY

As per guidelines of RGGVY, projects shall have three tiers Quality Assurance Mechanism (QAM). Under tier I monitoring, Third Party Inspection Agency (TPIA) would carry out inspection of 50 *per cent* of the villages covered in the projects in two stages. Under tier II monitoring, REC will carry out inspection through outsourced independent agencies. Under tier III of monitoring, Ministry of Power, Government of India shall enforce QAM.

Audit noticed irregularities in engagement of TPIA without inviting tender which is discussed at **Paragraph 4.2.12.2**. Further, the agency did not verify RGGVY works in 50 *per cent* villages in Gomati and Dhalai Districts. The details is given in **Appendix 4.2.10**. In eight projects Project Implementing Agency (PIA) did not prepare comprehensive Quality Assurance Plan as required under RGGVY guidelines.

4.2.17.2 Ineffective/ defective quality assurance mechanism under DDUGJY and Saubhagya

As per guidelines of DDUGJY and Saubhagya, the PIA shall be solely responsible and accountable for assuring quality of work. Audit noticed that PIA did not formulate comprehensive quality assurance plan. Management Information Systems (MIS) data prepared by TSECL and uploaded on the MIS portal of REC did not contain complete details pertaining to physical and financial progress of the projects and other fields as required as per DDUDJY guidelines.

Para 5 of the chapter IV of the Saubhgya guidelines stipulates that the State Level Standing Committee (SLSC) under the Chief Secretary of the State constituted under the DDUGJY, shall also monitor implementation of the scheme regularly and resolve issues impeding the progress of implementation of the schemes. Audit observed that State Level Standing Committee (SLSC) met only once in May 2018. Therefore, SLSC was not involved in regular monitoring of implementation of sanctioned projects under Saubhagya *viz.* allocation of land for sub stations, right of way, forest clearance, railway clearance, safety clearance, *etc.* which indicates ineffectiveness of SLSC.

Saubhagya Scheme guidelines envisage that the monitoring mechanism as followed in DDUGJY shall be followed. The guidelines envisage that PIA and Turnkey Contractor shall strictly ensure QA checks during the day-to-day course of project execution.

Scrutiny of records revealed that M/s Everest Infra Energy Limited issued Notification of Award (NOA) to TPS Electro Links, Kolkata for supplying of 124 Nos. 25 KVA three phase DTRs for use in Saubhagya project in Sepahijala District.

As per guidelines, the PIA was required to carry out pre-dispatch inspection for all the 124 DTRs. Audit noticed that out of 124 transformers, NEEPCO authorities inspected 72 transformers before dispatch and did not carry out pre-dispatch inspection of 52 DTRs since General Manager (GM), Electrical and Mechanical, NEEPCO, Monarchak waived the condition for pre-dispatch inspection for the same.

NEEPCO while replying to audit (September 2021) stated that the pre-dispatch inspection was waived considering the urgency of completion of work**.**

The reply is not acceptable as by waiving the condition, the GM, Electrical and Mechanical, NEEPCO, Monarchak violated the provisions of the guidelines of Quality Assurance.

4.2.18 Beneficiary Survey

Audit conducted beneficiary survey in the 46 villages under the four sampled projects/ districts to ascertain the extension of benefit of rural electrification schemes to the targeted beneficiaries, impact on the society and changes on their social and economic life. The findings of the beneficiary survey are detailed in subsequent paragraphs.

As per para 2.4 of Saubhagya guidelines, the electricity connection includes provision of service line cable, energy meter, single point wiring, Light Emitting Diode (LED) lamp and erection of pole.

Households' survey conducted by Audit revealed that 49[152] beneficiaries out of 460 sampled beneficiaries were not provided energy meter and 41[153] beneficiaries were not provided LED/ Compact Fluorescent Lamps (CFL).

Only four[154] out of 460 beneficiaries stated that there was reduction in the monthly expenditure due to reduction in the use of diesel generator sets, diesel pumps, *etc.* All the 460 beneficiaries surveyed stated that they were using consumer durables like television, fridge, fan, *etc*.

337[155] out of 460 beneficiaries were not able to get extended study hours due to non-availability of continuous power supply in evening or at night.

Survey of the 46 sampled villages revealed that there was no significant improvement in mobility/ security at night because streetlights were either not installed or non-functional. Only 18[156] out of 460 beneficiaries stated that there was improvement in mobility/ security at night. During survey, no household reported that power supply was erratic and for less than 12 hours per day.

4.2.19 Conclusion

Implementation of the 'Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)' and 'Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)' schemes were characterised by several instances of non-adherence to the scheme guidelines. RGGVY projects were planned without adequate survey work as DPRs were prepared on the basis of old data and had many discrepancies. There were instances of inefficiencies in contract management, execution of works and violation of provisions of tripartite agreement by the State Government.

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[152] West Tripura – 43; Dhalai – 5; Sepahijala – 1
[153] West Tripura – 27; Dhalai – 1; Gomati – 2; Sepahijala – 11
[154] West Tripura District
[155] West Tripura – 88; Dhalai – 119; Gomati – 55; Sepahijala – 75
[156] West Tripura District

The materialisation of desired objectives of RGGVY, DDUGJY, Saubhagya had failed at the planning stage. To limit the expenditure within the sanctioned cost of Government of India (GoI), Tripura State Electricity Corporation Limited (TSECL) had to reduce the estimates. Due to reduction in scope of works various parameters had been reduced significantly ranging from two *per cent* to 83 *per cent*, which resulted in shortfall in laying of lines, construction of sub-stations, augmentation of existing sub-stations, non-providing of electric connection in public places and shortfall in providing service connection to BPL households. Consequently, the actual need of the State could not be fulfilled.

Further, DPRs of Saubhagya scheme were deficient in incorporating the status of electrification of urban household, number of economically poor urban household as per Socio Economic Caste Census (SECC), 2011 data for providing service connection under the scheme. In absence of information on these essential parameters in the DPRs desired objective of the schemes and progress of physical and financial milestones could not be monitored periodically which resulted in time and cost overrun of various works undertaken under different RE schemes.

Project implementation was beset with slow execution of works, idle investments, weak monitoring, delays in award of contracts and non-handing over /charging of completed works. Lack of diligence was observed in management of financial resources. TSECL failed to lodge the claim to State Government for reimbursement of taxes paid from the scheme fund. Apart from that, non-preparation of audited accounts and Bank Reconciliation Statement, delay in furnishing of Utilisation Certificates, discrepancies in the audited accounts and fund utilisation reports revealed a weak internal control mechanism.

Against 7,96,000 Rural households as on October 2017, 1,06,635 (13.40 *per cent*) Rural households remained un-electrified in the State as on 31 March 2020. So, the objective of providing last mile connectivity and electricity connection to Rural households under the Saubhagya scheme could not be achieved.

4.2.20 Recommendations

1. ***Tripura State Electricity Corporation Limited (TSECL) needs to carry out extensive field surveys before preparation of DPR to target the economically poor and BPL households, as also to measure the infrastructure facilities required to be created for providing electricity connections;***

2. ***State should manage its financial resources effectively for funding its share for implementation of scheme;***

3. ***State needs to exercise greater control over scope of work and related estimates by devising suitable formats of Monitoring Reports which would help ensure that projects are being implemented keeping pace with the framed timelines and financial estimates.***

4. ***State needs to take necessary action to rectify the deficiencies in monitoring the implementation of the scheme.***