

OVERVIEW

OVERVIEW

CHAPTER-I

INTRODUCTION

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from the performance audits and test audit of transactions of various departments of the Government of Tripura pertaining to Social, Economic and Revenue Sectors. The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit.

Out of 1,668 auditee units, 129 units were planned for audit during 2022-23. After carrying out risk assessment and keeping in view the available manpower, 45 units were actually audited during 2022-23 involving an expenditure of ₹ 643.60 crore

This Report *inter alia* contains two Performance Audits titled “Solid Waste Management in Urban Areas of Tripura” and “Welfare of Building and Other Construction Workers” and three Subject Specific Compliance Audits titled “Implementation of Pradhan Mantri Kisan Samman Nidhi Scheme in Tripura”, “Swadesh Darshan Scheme” and “Department’s Oversight on GST Payments and Return Filing” and six Compliance Audit paragraphs.

CHAPTER-II

SOCIAL SECTOR

PERFORMANCE AUDIT

URBAN DEVELOPMENT DEPARTMENT

Performance Audit on “Solid Waste Management in Urban Areas of Tripura”

Waste is a product or substance which is no longer suited for its intended use. Wastes are generally classified into Municipal Solid Waste (MSW), bio-medical waste (BMW), Construction and Demolition (C&D) waste, e-waste, plastic waste, slaughterhouse waste, industrial waste, and hazardous waste by virtue of their nature. They are also classified as biodegradable, non- biodegradable, combustible, dry and inert based on their characteristics.

Municipal Solid Waste Management (MSWM) in urban areas has emerged as one of the biggest challenges that our country faces today. The situation is aggravated by rapid urbanisation. Inadequate management of waste has significant negative externalities in terms of public health and environmental outcomes. Besides, it has an adverse impact on the aesthetic appearance of the surroundings.

There are 20 Urban Local Bodies¹ (ULBs) responsible for implementation of the Solid Waste Management Rules, 2016 (SWM Rules, 2016) in Tripura. The estimated

¹ One Municipal Corporation; 13 Municipal Councils and six Nagar Panchayats

solid waste generation in these ULBs was 2290.14 Tonnes Per Day (TPD) during 2017-23. Out of the above, 2,115.05 TPD of waste were being collected, of which 1319.48 TPD were being processed. Plastic waste accounted for 317.63 Tonnes Per Annum (TPA). The ULBs generated 2,314 TPA of construction and demolition waste and 49.03 TPA of e-waste during 2017-22.

The Central Government has the power to take necessary measures for protecting and improving the quality of the environment, subject to the provisions of the Environment (Protection) Act, 1986. Judicial interventions have had a significant impact on SWM.

None of the sampled ULBs had prepared short-term, long-term, and contingency plans during 2017-23 for adopting a systematic approach to SWM. In the absence of these plans, the objectives of municipal solid waste management to be achieved over specific planning horizons and the details of specific actions that need to be implemented were not highlighted. Despite massive awareness campaigns, use of banned plastic carry bags, non-coverage of 100 *per cent* door to door collection and non-segregation of waste at source, littering of waste/ garbage on roadside/street were noticed. The principles of adopting 3R approach which helps to reduce quantity of waste, cost associated with its handling, and its environmental impacts were missing. There was wide variation between the actual waste generation and the model waste generation which impacted proper implementation of SWM in absence of authentic estimation of waste.

The sampled ULBs collected user charges of ₹ 1.25 crore only against the demand of ₹ 37.41 crore for the period from 2019-20 to 2022-23 resulting in loss of irrecoverable revenue of ₹ 36.16 crore. Segregation of waste at source was either not followed or being partially followed in the sampled ULBs. Widespread lack of dustbins in public places resulted in littering of waste leading to unhygienic condition, unhealthy odour and contamination of the environment. Non-availability of material recovery facilities resulted in failure to recover the recyclables and to convert waste into new materials and objects by segregating dry and wet waste. Non-recognition of informal waste pickers and collectors and their non-integration with authorised pickers/ collectors resulted in failure of their participation in SWM. Acute shortage of auto tippers, pushcarts, *etc.* led to ineffectiveness and inefficiency in collection and transportation of municipal solid waste. Despite imposing ban by the State and the GoI, single use plastic carry bags, flex, plastic spoons, *etc.* were being sold and used in the markets. Due to non-availability of fencing around the dumping yard/ landfills, stray animals/ cattle/ pigs were seen feeding at solid waste dumping yard/ landfills and found pulling out or scattering/ consuming food waste that was packed in plastic bags creating untidy and unhygienic surroundings apart from consuming plastic. Non-availability of slaughterhouses even in Agartala Municipal Corporation (AMC) led to killing of animals such as goats, chickens/ ducks on the open roadsides/ streets and in the market places.

Except AMC no other sampled ULBs has obtained authorisation or consent certificate from Tripura State Pollution Control Board for establishment of dumping ground/ landfills and tertiary waste processing centres in violation of the Rules. The sampled ULBs are yet to identify land for setting up of sanitary landfills. Faulty selection and operation of landfill/ dumping yard sites posed serious threat to public health and environment.

The Government constituted State Level Advisory Body (SLAB) for monitoring of execution of SWM projects and the first review meeting was held in April 2017. But information/ record regarding subsequent meetings of SLAB was not made available to audit for scrutiny. Although 18 meetings of State Level Committee (SLC) were held upto September 2022 through video conferences, but compliance/ action taken reports by different departments were not found on records. Non constitution of ward level committee was indicative of deficiencies in monitoring of SWM activities by the ULBs such as segregation, collection, transportation, street sweeping, drain cleaning, prohibition of littering, *etc.* by the ULBs.

Non-availability of public health officer, sanitary officer, sanitary sub inspector, environmental engineer for SWM in the ULBs led to ineffective implementation of SWM activities. Establishment of Micro Composting Centres, dumping grounds, tertiary waste processing centres, *etc.* without environmental clearance was not only a violation of Manual but was also fraught with severe environmental and health hazards. There was absence of assessment of environmental impact in the ULBs.

Recommendations

- *The Government should ensure that the ULBs prepare short term plans aligned with the long-term planning and implementation apart from contingency plan.*
- *Adoption of principles of 3R approach, which helps to reduce quantity of waste, cost associated with its handling, and its environmental impacts should be ensured.*
- *The Government should ensure that all households pay user charges for door-to-door collection of municipal solid waste in segregated manner.*
- *The Government may explore the feasibility for involvement of private parties and citizens for effective segregation of waste at source.*
- *The Government may consider identifying garbage vulnerable points and the ULBs may develop mobile applications that allow citizens to take pictures of garbage littering hot spots and upload it using the mobile app and take timely corrective action for collection of such littered garbage.*
- *The Government may consider for creation of material recovery facilities near landfills and dumping ground to facilitate segregation of dry and wet waste.*
- *The Government should consider and initiate appropriate strategies for involvement of informal waste pickers in solid waste management with authorised ones.*

- *The Government should ensure that the ULBs obtain authorisation from the TSPCB for setting up landfills, processing facilities, etc. as per Solid Waste Management Rules, 2016.*
- *The Government may explore the feasibility of establishing sanitary landfills for all ULBs for disposal of inert materials remaining after processing.*
- *The Government should activate monitoring committees and strengthen control mechanisms in Solid Waste Management.*
- *The Government may consider the appointment of public health officer, sanitary officer, sanitary sub inspector and environmental engineer in the ULBs for effective implementation of SWM activities.*
- *Government should ensure for attaining environmental clearance from SPCB before establishment of processing facilities.*
- *The Government may consider for undertaking an evaluation study by engaging third party to assess the impact of environment.*

Paragraph 2.2

LABOUR DEPARTMENT

Performance Audit on “Welfare of Building and Other Construction Workers”

Under Section 27 (2) of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (BOCW Act), the Comptroller and Auditor General of India has the right and privileges to access/ demand the production of books, accounts, connected vouchers and to inspect any office of the Building and Other Construction Workers Welfare Board. The Government of India (GoI) enacted (August 1996), the BOCW Act and Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act). The aim of the Acts was to provide safety, health and welfare measures for the benefit of building and other construction workers through levy/ collection of cess. The provisions of the BOCW Act covered “every establishment which employs or had employed on any day of the preceding twelve months, ten or more building workers in any building or other construction work”. Further, the Act provided that every building worker between the age group of 18 to 60 years who was not a member of any welfare fund established under any law and had completed a period of ninety days of service during the preceding twelve months as a construction worker in the State could be registered as a ‘beneficiary’.

The GoI framed (November 1998) BOCW Rules, 1998 and Cess Rules, 1998. As required under BOCW Act, the Government of Tripura (GoT) notified (August 2002) Tripura Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2001 (TBOCW Rules). The collection of BOCW cess was fixed at the rate of one *per cent* on the cost of construction.

The State Government constituted (January 2007) the Tripura Building & Other Construction Workers Welfare Board (the Board).

Section 264 of TBOCW Rules enshrined the powers, duties and functions of the Board which *inter alia* includes all matters connected with the administration of the fund and grant of benefits to the beneficiaries under the Act and rules made there under; submission of annual budget to Government for sanction, submission of annual report to Government on the activities of the Board, annual audit of accounts of the Board in accordance with the provisions of the Act, speedy settlement of claims and sanction of advances and other benefits and proper and timely recovery of any amount due to the Board, *etc.*

Non-existence of effective mechanism to measure, manage and monitor the registration of establishments under the Act was noticed and BOC workers were not identified or encouraged for registration.

Cases of short-collection and non-deposit of labour cess by cess collecting authorities were noticed due to non-assessment of cess by the Assessing Officers. Besides, non-deduction of advance cess by the building plan approving authorities were also noticed.

Due to non-reporting of accidents/ incidents coupled with non-appointment of Safety Officer by the employer, investigation/ enquiry for ensuring health and safety norms were not initiated.

In absence of inspection reports/ notes, the Department failed to verify and take corrective measures towards implementation of health/ safety norms, identification of eligible willing BOC workers and establishments for registration as required under BOCW Act. Besides, shortage of inspecting staff and absence of planning for inspection were also noticed which adversely affected the inspection activities.

There were delays in settlement of claims under various welfare schemes in absence of any fixed time frame for disbursement process. Further irregularities were noticed in providing financial assistance under COVID-19 scheme due to non-maintenance of updated and comprehensive database of registered beneficiaries by the Board.

Monitoring was inadequate because the State Government did not re-constitute the State Advisory Committee since February 2008 for advising on the matters arising out of the administration of the Act and the Board did not ensure submission of periodical returns from the employers for obtaining the information like the details of the workers entitled to be registered, information about the maximum number of building workers employed on any day during the year, total number of days of engagement of building workers, *etc.* There were deficiencies in internal control of the Board like non conducting of Social Audit, non-submission of annual budgets, annual returns to the State Government and non-constitution of grievance redressal mechanism.

Recommendations

The Government may consider to;

- ***constitute an Expert Committee at the earliest to advice for making the State Rules consistent with the Central Acts;***

- *adopt suitable mechanism to ensure identification and registration of all the construction workers and establishments in the State, both in public and private sector;*
- *maintain a database of registered workers and establishments;*
- *adopt suitable mobile application for easy issuance of MCs to construction workers;*
- *ensure that cess collectors and assessment officer are made accountable for ensuring that the cess amount is duly assessed, realised and remitted to the Board in timely manner;*
- *ensure advance collection of cess in respect of the private constructions through building plan approving authorities i.e. ULBs and monitor the same with the Urban Development Department on a regular basis;*
- *ensuring appointment of a Safety Officer adopting suitable mechanism for timely reporting of accidents/ incidents and conducting investigation/ enquiry at accident sites with proper documentation;*
- *make quarterly/ annual inspection plans based on risk profile and volume of the construction sites taking into consideration manpower availability for inspection;*
- *adopt suitable mechanism for effective monitoring of inspection activities and review the inspection reports regularly;*
- *adopt innovative ideas for creating mass awareness;*
- *adopt a mechanism for timely disposal of claims;*
- *re-constitute the State Advisory Committee;*
- *constitute the grievance redressal mechanism; and*
- *ensure regular submission of periodical returns from the employers.*

Paragraph 2.3

COMPLIANCE AUDIT PARAGRAPHS

TRIBAL WELFARE DEPARTMENT

Excess expenditure

Failure of verification of genuineness of applications for hostellers' scholarship at the school/ institute level, District and Department levels led to excess payment of ₹ 1.97 crore to the day scholars at the hostellers' rate.

Paragraph 2.4

Excess expenditure

Payment of pre-matric scholarship at the revised rate to beneficiaries for eight months for the year 2019-20 instead of at the pre-revised rate resulted in extra expenditure of ₹ 94.59 lakh.

Paragraph 2.5

CHAPTER-III

ECONOMIC SECTOR

AGRICULTURE AND FARMERS WELFARE DEPARTMENT

Subject Specific Compliance Audit on “Implementation of Pradhan Mantri Kisan Samman Nidhi Scheme in Tripura”

Pradhan Mantri-Kisan Samman Nidhi (PM-KISAN) Scheme is a central sector scheme with 100 *per cent* funding by the Government of India (GoI), being implemented under the Direct Benefit Transfer (DBT) mode. The Scheme aims to provide farmers having cultivable land with financial support of ₹ 6,000 per annum per farmer family payable in three equal instalments of ₹ 2,000 each in every four months. The scheme was effective from December 2018 for transfer of benefit to eligible beneficiaries.

Initially the scheme was admissible only to Small and Marginal Farmers (SMF) with combined landholding upto two hectares. The revised scheme guidelines (June 2019) extended the benefits to all farmer families irrespective of the size of their holdings.

Land holding (cultivable land) is the main criteria to avail the benefit. Agriculture land used for non-agriculture purposes are not covered under the scheme. Similarly, farmers falling under certain specified categories of higher economic status are not covered under the scheme. Aadhaar (Unique Biometric Identification Number) seeded bank account of beneficiary is mandatory for release of all instalments with effect from December 2019.

Non-linking of land records with Unique Biometric Identification Number, Mobile number, Bank accounts of the respective landowners led to disbursement to the ineligible beneficiaries. Undue financial benefits were extended to the ineligible beneficiaries even after the date of approval of their ineligibility. Improper verification/ validation of farmers' requisite documents resulted in irregular disbursement to the Government employees, IT payees, farmers not-possessing agricultural land, duplicate bank account holders, ineligible farmers having bank accounts outside the State. Benefit was also denied to the eligible beneficiaries due to non-approval of SRFs by the Department, pendency of Unique Biometric Identification Number correction, short disbursement of first instalment. Inadequate monitoring and insufficient physical verification resulted in payment to the ineligible beneficiaries.

Recommendations

For proper implementation of the scheme, the Government may consider to;

- *link the land records with the Unique Biometric Identification Number, bank details and mobile number of the respective landowners;*
- *properly scrutinise the self-declaration forms to weed out the ineligible applicants; and*

- *strengthen the monitoring mechanism at block, district and State levels.*

Paragraph 3.2

COMPLIANCE AUDIT PARAGRAPHS

FOREST DEPARTMENT

Sand Mining in Tripura

Forest revenue is one of the sources of non-tax revenue of the State Government. Royalty from sand mining lease holders is the major revenue of the Forest Department. During the period 2016-17 to 2022-23, the Forest Department collected revenue of ₹ 27.67 crore from royalty of sand mining activities, whereas the total revenue of the Department was ₹ 103.17 crore.

The sand in Tripura has been classified as ‘Riverine resources’. As of March 2023, 2,05,747 cum river sand was available in Tripura. River sand mining is a widespread practice as habitations concentrates along the rivers and the mining locations are preferred near the markets or along the transportation route. Excessive removal of sand may significantly distort the natural equilibrium of the river stream channel. It can damage private and public properties as well as aquatic habitats.

In order to have a control on sand mining in Tripura, the State Government, in exercise of power conferred by section 15 of the Mines and Minerals (Regulation and Development) Act, 1957 (Central Act 67 of 1957), framed (September 2014) Tripura Minor Mineral Concessions (TMMC) Rules, 2014 for regulating the grant of mining leases and other concessions in respect of minor minerals (including sand) in the State. TMMC Rules 2014 is the only legal framework to control the extraction of river sand in the State.

Audit of sand mining revealed that non-establishment of District Mineral Foundation, and non-contribution to National Minerals Exploration Trust resulted in non-realisation of revenue. Mining Blocks were allotted outside the mining sites identified in District Survey Report in violation of guidelines issued by Ministry of Environment, Forest and Climate Change.

Inadequate monitoring resulted in instances of unauthorised sand mining, use of machinery and extraction of sand beyond permissible limit thereby increasing the chances of the soil erosion of riverbed, non-submission of half-yearly compliance report for Environment Clearance and other prescribed reports/ returns by the proponents to the Tripura State Pollution Control Board and the Department respectively.

Recommendations

The Government may consider to:

- *establish the District Mineral Foundation and amend TMMC Rules, 2014 in line with MMR, 2015 to realise DMF;*
- *allotting the mining blocks within those identified in the District Survey Report;*

- *collect royalty for contribution to the National Minerals Exploration Trust;*
- *prevent unauthorised mining and use of machinery for extraction of sand; and*
- *ensure effective monitoring of sand mining.*

Paragraph 3.3

PUBLIC WORKS (WATER RESOURCE) DEPARTMENT

Unfruitful expenditure

Failure to ensure quality control by the Engineering Officers coupled with lackadaisical approach of the Department for rectification of the technical defects led to unfruitful expenditure of ₹ 3.09 crore on partially constructed headworks of the Minor Irrigation scheme (rainwater storage project) and additional liability of ₹ 0.72 crore on rectification of defective works.

Paragraph 3.4

PUBLIC WORKS (BUILDING) DEPARTMENT

Non recovery of dues from the contractor

The Executive Engineer, Public Works (Building) Department, Capital Complex Division did not recover the dues (₹ 1.62 crore) from the contractor being the value of unused departmentally supplied steel not returned by the contractor, rent charges of plant, empty bitumen drums and taxes.

Paragraph 3.5

PUBLIC WORKS (ROADS AND BUILDING) DEPARTMENT

Extra expenditure

The Executive Engineer, Public Works Department (Roads & Buildings), Dharmanagar Division did not take steps for obtaining confirmation on publication of the first call of tender in the newspapers, from the Information and Cultural Affairs Department in violation of the State Government's instructions. That led to the cancellation of the first call of tender and awarding of the work at a higher rate in the subsequent call which led to extra expenditure of ₹ 0.93 crore.

Paragraph 3.6

CHAPTER-IV

ECONOMIC SECTOR (STATE PUBLIC SECTOR ENTERPRISES)

Functioning of Public Sector Enterprises

As on 31 March 2023, the State of Tripura had 16 Public Sector enterprises (PSEs) (15 working and one non-working). Out of 15 working PSEs, 14 are Government companies and one is Statutory Corporation. As on 31 March 2023, the investment of the State Government (capital and long-term loans) in 16 PSEs was ₹ 1,881.79 crore in the form of equity (₹ 1,652.33 crore) and long term loans (₹ 229.46 crore).

The State Government investment (₹ 1,881.79 crore) as on 31 March 2023 consisted of 87.81 *per cent* towards capital and 12.19 *per cent* in long-term loans as against the investment of ₹ 1,675.55 crore as on 31 March 2019 consisting of 87.69 *per cent* (capital) and 12.31 *per cent* (long-term loans).

Paragraphs 4.1.1 and 4.1.2

As per the information furnished by the PSEs, during 2022-23 the State Government provided budgetary support of ₹ 303.85 crore in the form of capital (₹ 43.15 crore), Loans (₹ 100 crore) and grants/ subsidy (₹ 160.70 crore).

Paragraph 4.1.4

As per the latest finalised accounts of PSEs as on 30 September 2023, the aggregate paid-up capital and accumulated losses of 15 working PSEs were ₹ 1,613.60 crore and ₹ 1,485.57 crore respectively. Analysis of investment and accumulated losses of these PSEs revealed that the accumulated losses (net of free reserves) of four working PSEs (₹ 1,057.82 crore) had completely eroded their paid-up capital (₹ 845.99 crore).

Paragraph 4.1.9.2

TOURISM DEPARTMENT

(Tripura Tourism Development Corporation Limited)

Subject Specific Compliance Audit on “Swadesh Darshan Scheme”

The Swadesh Darshan Scheme (SDS) -Integrated Development of Theme Based Tourist Circuits in the Country is the flagship scheme of the Ministry of Tourism (MoT), Government of India (GoI) for development of the tourism infrastructure in the country. The MoT, GoI launched this Centrally funded scheme in January 2015.

Two tourist circuits namely Agartala Tourist Circuit and the Unakoti Tourist Circuit were approved (December 2015) by the MoT for the State

Poor management of the SDS fund by the Tripura Tourism Development Corporation resulted in underutilisation of funds and refund of ₹ 1.80 crore to the MoT. Interest income earned on the SDS Fund aggregating to ₹ 1.03 crore was not remitted back to the MoT.

Despite lapse of seven years and after an aggregate expenditure of ₹ 85.67 crore incurred since the inception of the SDS, the objective of promoting tourism by way of increasing the footfall of tourist, *etc.* remained unfulfilled due to the following reasons:

Deficient planning of the State Government in undertaking the infrastructural creation projects which were non-compliant to Statutory laws, international ramifications, territorial jurisdiction disputes, environmental implications, *etc.* resulted in derailment/ delayed completion and/or dropping of the several project/ project Components by the MoT.

Irregularity in selection of the PMC as well deficient services rendered by the PMCs resulted in (a) derailment of nine high valued infrastructure creation SDS projects leading to infructuous expenditure of ₹ 8.57 crore and (b) dropping of the project/ project components of ₹ 34.75 crore.

Undue delays in entrustment of the infrastructure creation projects to the Implementing Agencies as well as in invitation of tenders in respect of the same resulted in delays in completion of the projects ranging from six months to 57 months.

Creation of nine Log-Huts in excess of the quantities sanctioned by MoT, deficient planning leading to recasting of the estimates, non-utilisation of the Log-Huts resulted in idle expenditure of ₹ 2.33 crore and unauthorised expenditure of ₹ 4.13 crore. 10 out of the 18 Log-Huts created by the Forest Department was lying unutilised for over two to five years.

Deficient planning and non-utilisation of the assets procured under the Adventure Tourism Theme of the SDS resulted in idle/infructuous expenditure of ₹ 4.03 crore

Deficient monitoring mechanism prevalent in the TTDCL resulted in the improper up-keep/ maintenance of various assets created under SDS thereby leading to infructuous/ idle expenditures of ₹ 9.64 crore.

Recommendations

The State Government may consider to;

- *develop a sound planning policy for the development and implementation of the infrastructure creation projects with consideration of factors like (a) compliance with the statutory laws (b) international ramifications, territorial jurisdiction disputes and environmental implications, etc. in consultation with the other stakeholders namely Forest Department, ASI, etc.;*
- *exercise due diligence and ensure compliance with the codal provisions in the selection of the Project Management Consultants (PMCs);*
- *mitigate the procedural delays in the entrustment of the execution work to the State Government Implementing Agency (IA) as well as in the invitation of tenders in respect of the same;*
- *ensure the professional management of the financial resources, tracking and monitoring of the project fund lying with the other IAs and submission of accurate UCs; and*
- *strengthen its Monitoring Mechanism to ensure proper up-keep/maintenance of various assets created and timely completion of the projects.*

Paragraph 4.2

CHAPTER-V

REVENUE SECTOR

General

During the year 2022-23, the revenue raised by the State Government was ₹ 3,402.03 crore which was 18.58 *per cent* of the total Revenue Receipts. The balance 81.42 *per cent* of the revenue receipts during 2022-23 was received from the GoI in the form of State share of Union Taxes and Duties and Grants-in-Aid. The collection of own revenue increased by ₹ 511.61 crore during 2022-23 as compared to previous year and the rate of growth of own revenue increased to 17.70 *per cent* in 2022-23 as compared to 10.41 *per cent* during 2021-22. Revenue Receipts of the State increased by 3.95 *per cent* from ₹ 17,613.95 crore in 2021-22 to ₹ 18,309.01 crore in 2022-23.

Paragraph 5.1.1

Although target of Revised Estimates was not achieved in 2019-20, actual collection was more than the target as projected in the RE for the years 2020-21 and 2021-22. In 2022-23, the actual collection was less than the RE by ₹ 0.03 crore only.

Paragraph 5.1.2 (i)

Arrear of revenue increased from ₹ 62.12 crore at the end of March 2022 to ₹ 161.24 crore at the end of March 2023. The arrear of revenue outstanding for more than five years also increased from ₹ 37.12 crore to ₹ 45.63 crore during the same period.

Paragraph 5.1.3

In the last ten years' Audit Reports, 23 paragraphs involving ₹ 52.46 crore featured in the Audit Reports, of which 21 paragraphs involving ₹ 46.60 crore had been accepted by the State Government. Out of this, only ₹ 1.37 crore (2.94 *per cent*) was recovered.

Paragraph 5.1.6.2

FINANCE (EXCISE & TAXATION) DEPARTMENT

Subject Specific Compliance Audit on “Department’s Oversight on GST Payments and Return Filing”

The introduction of Goods and Service Tax (GST) has replaced multiple taxes levied and collected by the Centre and States. GST, which came into effect from 1 July 2017, is a destination-based consumption tax on the supply of goods or services or both levied on every value addition. The Centre and States simultaneously levy GST on a common tax base. Central GST (CGST) and State GST (SGST)/ Union Territory GST (UTGST) are levied on intra-State supplies, and Integrated GST (IGST) is levied on the inter-State supplies.

Section 59 of the Tripura Goods and Service Tax (TGST) Act, 2017 stipulates GST as a self-assessment based tax, whereby the responsibility for calculating tax liability, discharging the computed tax liability and filing returns is vested with the taxpayer. The GST returns must be filed online regularly on the common GST portal, failing which penalties will be payable. Even if the business has had no tax liability during a particular tax period, it must file a nil return mandatorily. Further, Section 61 of the TGST Act read with Rule 99 of the Tripura Goods and Service Tax Rules (TGST Rules), 2017 stipulate that the proper officer may scrutinise the return and related particulars furnished by taxpayers, communicate discrepancies to the taxpayers and seek an explanation.

This Subject Specific Compliance Audit (SSCA) was taken up considering the significance of the control mechanism envisaged for tax compliance and the oversight mechanism of the Commercial Taxes Organisation, Tripura (Department) in this new tax regime.

Audit find that documentation of essential oversight functions of charges such as scrutiny of returns, audit of taxpayers and taxpayer’s compliance was poor and not amenable to evaluation. As such, the functions of the charges were not fully carried out in an organised manner.

Further, out of the 235 high value data inconsistencies identified by Audit the Department responded to 191 cases. Of these, 140 cases constituting 59.57 *per cent*, turned out to be compliance deficiencies amounting to ₹ 68.65 crore. A relatively higher rate of mismatches deficiencies was noticed in ITC availment, tax paid, *etc*. The Department has not responded to 44 cases of inconsistencies, which has an identified mismatch of ₹ 16.64 crore.

Detailed audit of GST returns also suggested significant non-compliance. In 30 out of 30 cases examined, granular records were not forthcoming, which constituted a significant scope of limitation. In ten out of 30 cases examined, were liable to pay interest on delay payment of tax (cash component) amounting to ₹ 0.30 crore. A relatively higher rate of deficiencies was noticed in 32 identified mismatch of ITC availed and discharge of tax liability with a risk exposure of ₹ 27.27 crore.

From a systemic perspective, the Department needs to strengthen the institutional mechanism in the Charges to establish and maintain effective oversight on return filing, taxpayer compliance, tax payments, cancellation of registrations and recovery of dues from defaulters.

Recommendations

The Department may;

- *formulate SOP or prescribe detail procedures for selection of scrutiny cases and fix targets, so that an optimum number of cases can be scrutinised in every financial year before the cases became time barred;*
- *ensure timely verification of cancellation of registrations to prevent undue loss of tax revenue and unfair tax practices;*
- *formulate detail selection procedures for cases for conduct of audit so that an optimum number of cases can be audited in every financial year;*
- *urgently pursue where inconsistencies and deviations were pointed out by Audit and result there-of may be intimated to Audit; and*
- *initiate remedial action for all the compliance deviations brought out in this report before they get time barred.*

Paragraph 5.2

CHAPTER-VI

Follow Up of Audit Observations

As of September 2023, 84 paragraphs (60 paragraphs and 24 performance audits) relating to the Audit Report for the years 2006-07 to 2019-20 were awaiting discussion by the Public Accounts Committee. Of these, explanatory notes on 66 paragraphs (50 paragraphs and 16 performance audits) have not yet been received from the departments.

Paragraph 6.1.1(a)

As of September 2023, 17 paragraphs (12 paragraphs and five performance audits) relating to the Audit Report for the years 2014-15 to 2019-20 were awaiting discussion by the Committee on Public Undertakings. Of these, explanatory notes on 13 paragraphs (nine paragraphs and four performance audits) have not yet been received from the departments.

Paragraph 6.1.1(b)

Analysis of the position of outstanding IRs showed that 2,437 paragraphs included in 328 IRs issued during the last five years up to 2022-23 were pending for settlement as of September 2023. Of these, even the first reply had not been received in respect of 905 paragraphs involving 114 IRs in spite of repeated reminders.

Paragraph 6.3

There are 2,437 paragraphs involving ₹ 3,162.34 crore relating to 328 IRs issued during the last five years 2018-19 to 2022-23 which remained outstanding at the end of 30 September 2023 under Social, Economic, Revenue and General Sectors.

Paragraph 6.5

