

CHAPTER IV: ECONOMIC SECTOR

(State Public Sector Enterprises)

CHAPTER IV: ECONOMIC SECTOR (STATE PUBLIC SECTOR ENTERPRISES)

4.1 Functioning of State Public Sector Enterprises

4.1.1 Introduction

The State Public Sector Enterprises (PSEs) consist of State Government Companies and Statutory Corporations. The PSEs are established to carry out activities of commercial nature and occupy an important place in the State economy. As on 31 March 2023, there were 16 PSEs (including one non-working) in Tripura. The details of the PSEs in Tripura as on 31 March 2023 are given in **Table 4.1.1**.

Table 4.1.1: Total number of PSEs as on 31 March 2023

Type of PSEs	Working PSEs	Non-working PSEs ¹⁰⁶	Total
Government Companies ¹⁰⁷	14	1 ¹⁰⁸	15 ¹⁰⁹
Statutory Corporations	1	-	1
Total	15	1	16

None of these PSEs were listed on the Stock Exchange. During the year 2022-23, two new PSEs were incorporated and no existing PSE was closed down.

4.1.2 Investment in PSEs

4.1.2.1 State Government's investment in PSEs

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

As on 31 March 2023, the investment of the State Government (capital and long-term loans) in 16 PSEs was ₹ 1,881.79 crore¹¹⁰ 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). A graphical presentation of State Government investment in PSEs during last five years (2018-19 to 2022-23) has been given in **Chart 4.1.1**.

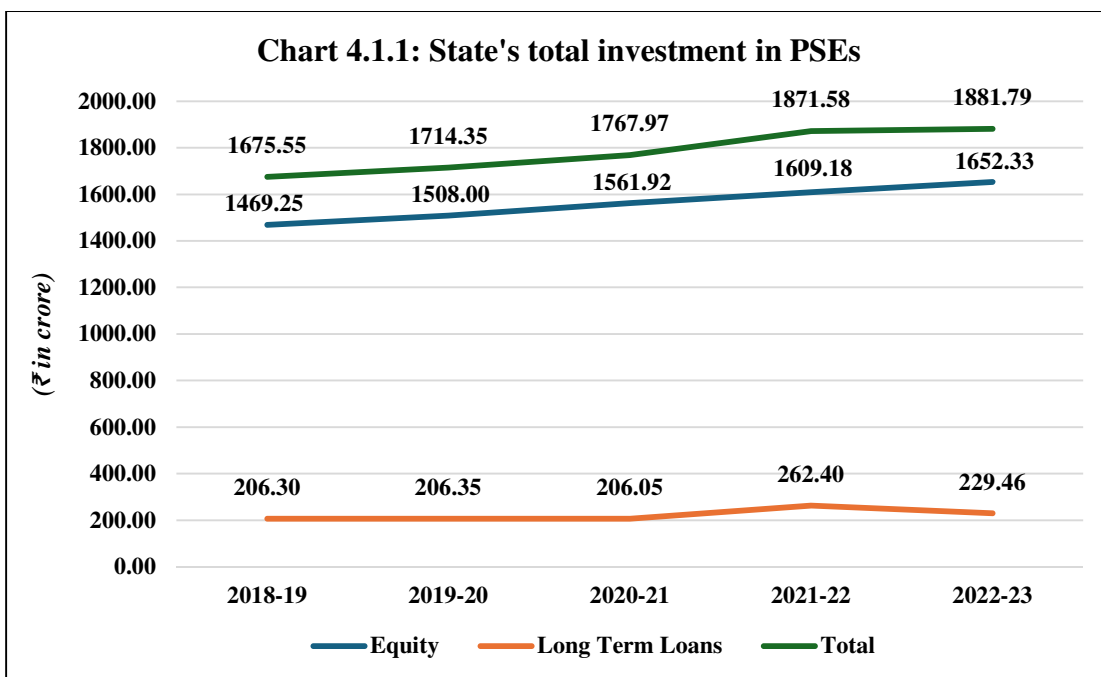
¹⁰⁶ Non-working PSEs are those which have ceased to carry on their operations.

¹⁰⁷ Government companies include Other Companies referred to in Section 139(5) and 139(7) of the Companies Act, 2013.

¹⁰⁸ Tripura State Bank Limited

¹⁰⁹ Does not include two new PSE's - Tripura Nature Trails and Resort Limited (incorporated on 21 November 2022) and Tripura Power Transmission Limited (incorporated on 19 January 2023) whose first accounts are not finalised as on 30 September 2023.

¹¹⁰ Investment figures are provisional and as provided by the PSEs excepting three PSEs (Sl. No. A.8, A.9 and A.14 of **Appendix 4.1.1**), investment figures for which have been adopted from their finalised accounts for 2022-23.



As can be seen from **Chart 4.1.1** that, the State Government's investment in PSEs during last five years showed an increasing trend. The State's investment grew by 12.31 *per cent* (₹ 206.24 crore) from ₹ 1,675.55 crore in 2018-19 to ₹ 1,881.79 crore in 2022-23.

During 2022-23, out of 14¹¹¹ working PSEs where State Government had made direct investment, eleven PSEs incurred loss (₹ 321.03 crore) and three PSEs earned profit (₹ 0.89 crore) as per their latest finalised accounts (**Appendix 4.1.1**). None of the three profit making PSEs had declared any dividend. There was no recorded information about the existence of any specific policy of the State Government regarding payment of dividend by the PSEs.

The State Government's investment (historical value) in PSEs had eroded by 11.92 *per cent* in 2022-23, and the accumulated losses (₹ 1,118.89 crore¹¹²) of four PSEs¹¹³ had completely eroded the State's investment (₹ 845.99 crore) in their paid-up capital, as per their latest finalised accounts.

4.1.2.2 Total Sector-wise investment in PSEs

Details of the total investment of State Government and Other Stakeholders (Central Government, Holding Companies, Banks, Financial Institutions, *etc.*) in PSEs under various important sectors at the end of 31 March 2019 and 31 March 2023 has been given in **Table 4.1.2**.

¹¹¹ Excluding Tripura Natural Gas Company Limited (profit earned: ₹ 20.25 crore), which had no direct investment from the State Government

¹¹² Net after adjusting the Free Reserves (₹ 61.07 crore) of PSE at serial No. A8 of **Appendix 4.1.1**

¹¹³ Serial No. A5, A8, A13 and B1 of **Appendix 4.1.1**

Table 4.1.2: Sector-wise details of total investments¹¹⁴ in PSEs*(₹ in crore)*

Name of Sector	Government/ Other Companies		Statutory Corporations		Total Investment	
	2018-19	2022-23	2018-19	2022-23	2018-19	2022-23
Power	742.35	1,464.69	0.00	0.00	742.35	1,464.69
Manufacturing	404.96	499.33	0.00	0.00	404.96	499.33
Financing	144.62	144.62	0.00	0.00	144.62	144.62
Service	148.94	205.65	163.03	163.96	311.97	369.61
Agriculture & Allied	72.95	103.72	0.00	0.00	72.95	103.72
Miscellaneous	8.86	30.12	0.00	0.00	8.86	30.12
Total	1,522.68	2,448.13	163.03	163.96	1,685.71	2,612.09

Source: PSEs data

It can be seen from **Table 4.1.2** that as compared to 2018-19, the combined investment of State Government and Other Stakeholders increased by ₹ 926.38 crore (55 per cent) during 2022-23, major portion (94 per cent) of which pertained to the Power Sector (₹ 722.34 crore), Manufacturing Sector (₹ 94.37 crore) and in Service Sector (₹ 57.64 crore).

The increase in investment under the Power sector was mainly due to the net increase in borrowings (₹ 722.24 crore¹¹⁵) availed by power sector companies from various sources during the period of five years (2018-23). Increase in the investment under Manufacturing sector was attributable to additional equity infusion by the State Government to Tripura Jute Mills Limited (₹ 86.53 crore) and Tripura Small Industries Corporation Limited (₹ 7.84 crore) over the period of four years (2019-23).

Similarly, the investment in the Service sector increased mainly due to additional equity contribution (₹ 57.49 crore) provided by the State Government to Tripura Handloom and Handicrafts Development Corporation Limited (₹ 56.31 crore) and Tripura Road Transport Corporation (₹ 1.18 crore) during the said period.

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 PSEs should agree with the corresponding figures appearing in the Finance Accounts of the State. In case of differences in the figures, the PSEs concerned and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2023 is given in **Table 4.1.3**.

¹¹⁴ Investment figures are provisional and as provided by the PSEs excepting the PSEs, which had finalised their up-to-date accounts as at 30 September of 2019 and 2023 respectively.

¹¹⁵ State Government: ₹ 23.41 crore; Central Government: ₹ 482.40 crore and Others: ₹ 216.43 crore

Table 4.1.3: Equity, loans outstanding as per the Finance Accounts *vis-à-vis* records of PSEs*(₹ in crore)*

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSEs	Difference
Equity	1,593.00	1,652.33	59.33
Loans	156.90	229.46	72.56

Source: Finance Accounts 2022-23 and PSEs records

As on 31 March 2023, there were unreconciled differences in the figures of equity (₹ 59.33 crore) and loan (₹ 72.56 crore) as per two sets of records. The differences in equity occurred in respect of 13 PSEs¹¹⁶ falling under Agriculture and Allied Sector (four PSEs), Service Sector (four PSEs), Manufacturing Sector (two PSEs), Power Sector (two PSEs) and Finance Sector (one PSE).

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 PSEs functioning under their administrative control. Hence, PSE-wise figures of State Government loans provided to various PSEs are not available in the State Finance Accounts. However, the State Government loan figure booked in the Finance Accounts (₹ 156.90 crore) pertained to the PSEs under Power Sector (₹ 156.75 crore) and Service Sector (₹ 0.15 crore).

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

4.1.4 Special support and guarantees to PSEs during the year

The State Government provides financial support to PSEs in various forms through annual budgetary allocations. The summarised details of budgetary outgo towards equity, loans and grants/ subsidies in respect of PSEs for the three years ended 2022-23 are given in **Table 4.1.4**.

¹¹⁶ PSEs at Sl. Nos. A.1 to A.12 and B.1 of **Appendix 4.1.1**

Table 4.1.4: Details regarding budgetary support to PSEs*(₹ in crore)*

Particulars	2020-21		2021-22		2022-23	
	No. of PSEs	Amount	No. of PSEs	Amount	No. of PSEs	Amount
Equity capital outgo from budget	6	52.34	6	46.86	6	43.15
Loans given from budget	-	-	1	56.36	1	100.00
Grants/ subsidy from budget	2	71.18	4	120.71	4	160.70
Total Outgo¹¹⁷	8	123.52	10	223.93	10	303.85
Guarantees issued	-	-	1	100	1	175.00
Guarantee commitment	-	-	-	-	-	-

Source: Figures as provided by the PSEs

It can be seen from **Table 4.1.4** that, the State Government had provided a total budgetary support of ₹ 303.85 crore to PSEs during 2022-23, which was higher by ₹ 180.33 crore (145.99 *per cent*) as compared to the financial support provided during 2020-21.

The major beneficiaries of budgetary outgo during 2022-23 were Tripura State Electricity Corporation Limited (loan: ₹ 100 crore, grant/ subsidy: ₹ 129.09 crore), Agartala Smart City Limited (grant/ subsidy: ₹ 25.27 crore), Tripura Handloom and Handicrafts Development Corporation Limited (equity: ₹ 14.82 crore) and Tripura Jute Mills Limited (equity: ₹ 12.53 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 of this Corporation in terms of Section 19 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 33(2) of the Road Transport Corporations Act, 1950.

¹¹⁷ Actual number of PSEs, which received equity, loans, grants/ subsidies from the State Government.

4.1.5.2 Role of Government and Legislature

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

The State Legislature also monitors the accounting and utilisation of State Government investment in the PSEs. 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 PSEs 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 4.1.5 provides the details relating to finalisation of accounts by working PSEs as of 30 September 2023.

Table 4.1.5: Position relating to finalisation of Accounts of working PSEs

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Number of working PSEs	14	15 ¹¹⁸	15	15	15
2.	Number of Accounts finalised during the year	16	16 ¹¹⁹	13	18	13
3.	Number of Accounts in arrears	21	24	26	23	25
4.	Number of Working PSEs with arrears in Accounts	12	13	14	12	12
5.	Extent of arrears (number in years)	1 to 4 years	1 to 4 years	1 to 5 years	1 to 6 years	1 to 7 years

¹¹⁸ Included Tripura Power Generation Limited which was incorporated on 28 January 2015.

¹¹⁹ Included four arrear accounts of Tripura Power Generation Limited (2015-16 to 2018-19).

As could be noticed from **Table 4.1.5** that the accounts of only three¹²⁰ out of 15 working PSEs were up-to-date as on 30 September 2023. Remaining 12 working PSEs had a backlog of total 25 accounts for periods ranging from one to seven years. The oldest Accounts in arrears was since 2016-17 (seven 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 their accounts are finalised and adopted by the PSEs within the stipulated period.

The Principal Accountant General (Audit), Tripura had been taking up the matter regularly with the PSEs¹²¹ and the administrative departments¹²² concerned for liquidating the arrears of accounts of PSEs. However, the State Government and the PSEs concerned could not address the issue to clear all pendency of accounts of the PSEs 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.

Tripura Road Transport Corporation (TRTC) was the only Statutory Corporation in the State of Tripura covered under the audit purview of C&AG. The Accounts of TRTC have been finalised upto 2019-20 and Separate Audit Reports (SARs) of the C&AG on these Accounts have also been issued. The SARs on the Accounts of TRTC have been placed (7 July 2023) in the State Legislature upto the accounting year 2019-20.

Recommendations:

- a. The State Government may set up a special cell to oversee the clearance of arrears of PSE-accounts and set the targets for individual PSEs, which may be monitored by the cell;*
- b. The State Government may ensure that existing vacancies in the accounts department of PSEs are timely filled up with persons having domain expertise and experience; and*
- c. The PSEs may get the figures of equity and loans reconciled with the State Government Departments and arrear of accounts are cleared.*

¹²⁰ Tripura Natural Gas Company Limited, Tripura Power Generation Limited and Tripura State Electricity Corporation Limited.

¹²¹ May, October, December 2022 and March 2023

¹²² June 2022

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

The State Government had invested ₹ 65.75 crore in six PSEs (equity: ₹ 65.75 crore and loans: Nil) during the years for which these PSEs had not finalised their accounts as detailed in **Table 4.1.6**.

Table 4.1.6: Investment by State Government in PSEs having accounts in arrears
(₹ in crore)

Sl. No.	Name of PSE	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 2022-23	5.70	0.00
2	Tripura Tea Development Corporation Limited	2021-22	2022-23	6.30	0.00
3	Tripura Rehabilitation Plantation Corporation Limited	2020-21	2021-22 & 2022-23	6.50	0.00
4	Tripura Jute Mills Limited	2021-22	2022-23	12.53	0.00
5	Tripura Small Industries Corporation Limited	2018-19	2019-20 to 2022-23	19.90	0.00
6	Tripura Handloom and Handicrafts Development Corporation Limited	2021-22	2022-23	14.82	0.00
Total				65.75	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 PSEs 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 PSEs. Where there is lack of staff expertise, Government may consider outsourcing the work relating to preparation of accounts and take action against Company Management responsible for arrears of accounts.

4.1.9 Performance of PSEs as per their latest finalised accounts

The financial position and working results of working PSEs as per their latest finalised accounts as on 30 September 2023 are detailed in **Appendix 4.1.1**. **Table 4.1.7** provides the comparative details of working PSEs turnover and State GSDP for a period of five-year ending 2022-23.

Table 4.1.7: Details of working PSEs-turnover vis-à-vis GSDP*(₹ in crore)*

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Turnover ¹²³	1,024.88	1,289.82	1,742.31	1,878.68	2077.17
GSDP ¹²⁴	49,823.32	54,151.12	53,504.12	62,550.44	72,635.62
Percentage of Turnover to GSDP	2.06	2.38	3.26	3.00	2.86

As can be seen from **Table 4.1.7** that the turnover of the working PSEs and the GSDP have shown an increasing trend during the five years under reference excepting the marginal decline (₹ 647.00 crore) in the GSDP during 2020-21. The year-wise percentage of State PSE turnover to GSDP, however, has shown decreasing trend during recent two years (2021-22 and 2022-23). This was mainly due to the fact that the growth of PSE-turnover during last two years (2021-22 and 2022-23) was not commensurate with the pace of increase in the GSDP during the said two years.

The increase in State PSE-turnover (₹ 198.49 crore) during 2022-23 was mainly driven by the growth of ₹ 108.39 crore in the turnover of one power sector company (Tripura State Electricity Corporation Limited) from ₹ 1,562.76 crore (2021-22) to ₹ 1,671.15 crore (2022-23).

4.1.9.1 Key parameters

Some other key parameters of PSEs performance as per their latest finalised accounts as on 30 September of the respective year are given in **Table 4.1.8**.

Table 4.1.8: Key Parameters of PSEs*(₹ in crore)*

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Debt	297.10	491.07	532.56	770.73	933.14
Turnover ¹²⁵	1,024.88	1,289.82	1,742.31	1,878.68	2,077.17
Debt/ Turnover Ratio	0.29:1	0.38:1	0.31:1	0.41:1	0.45:1
Interest Payments	1.21	6.97	12.89	14.40	26.02
Accumulated losses	1,028.84	1,120.95	1,055.60	1,181.86	1,485.57 ¹²⁶

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 PSEs from core activities. Thus, the PSEs having lower DTR are more likely to comfortably manage their debt servicing and repayments.

¹²³ Turnover of working PSEs as per their latest finalised accounts as on 30 September of respective year

¹²⁴ GSDP figures as per MoSPI

¹²⁵ Turnover of working PSEs as per their latest finalised accounts as on 30 September of the respective year

¹²⁶ Overall accumulated losses of 15 working PSEs after taking into account the accumulated losses of 11 PSEs (₹ 1,765.45 crore) and accumulated profits of four PSEs (₹ 279.88 crore)

PSE Debt

It can be noticed from **Table 4.1.8** above that during the period of five years (2018-23), the PSEs debt had increased by ₹ 636.04 crore (214.08 *per cent*) from ₹ 297.10 crore (2018-19) to ₹ 933.14 crore (2022-23). The major increase in the PSE debts was during 2019-20 (₹ 193.97 crore) and 2021-22 (₹ 238.17 crore), which was mainly attributable to the increase of ₹ 196.60 crore (2019-20) and ₹ 235.40 crore (2021-22) in the long term debts of Tripura State Electricity Corporation Limited. A major portion (99.37 *per cent*) of PSE debts during 2022-23 pertained to Tripura State Electricity Corporation Limited (₹ 798.83 crore) and Tripura Industrial Development Corporation Limited (₹ 128.41 crore).

It can further be seen from **Table 4.1.8** that during 2018-23, the PSE Turnover had grown by ₹ 1,052.29 crore (102.67 *per cent*) from ₹ 1,024.88 crore (2018-19) to ₹ 2,077.17 crore (2022-23). However, more than 80 *per cent* (₹ 1,671.15 crore) of PSE Turnover (₹ 2,077.17 crore) during 2022-23 was contributed by one power sector PSE (Tripura State Electricity Corporation Limited).

During the five years (2018-23), the Debt to Turnover Ratio has increased from 0.29:1 (2018-19) to 0.45:1 (2022-23), which indicated deteriorated position of PSEs in servicing and repayment of their long-term debts as compared to previous years.

Further, the accumulated losses of PSEs during 2018-23, had also increased by ₹ 456.73 crore (44.39 *per cent*) from ₹ 1,028.84 crore (2018-19) to ₹ 1,485.57 crore (2022-23), which was a drain on the financial resources of the State. Three PSEs¹²⁷ contributed 99.81 *per cent* (₹ 1,482.58 crore) of the overall accumulated losses of PSEs during 2022-23.

4.1.9.2 Erosion of capital due to losses

The aggregate paid-up capital and accumulated losses of 15 working PSEs as per their latest finalised accounts as on 30 September 2023 were ₹ 1,613.60 crore and ₹ 1,485.57 crore respectively (**Appendix 4.1.1**).

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) as detailed in the **Table 4.1.9**.

¹²⁷ Tripura State Electricity Corporation Limited (₹ 803.57 crore), Tripura Jute Mills Limited (₹ 390.97 crore) and Tripura Road Transport Corporation (₹ 288.04 crore)

Table 4.1.9: PSEs with erosion of paid up capital

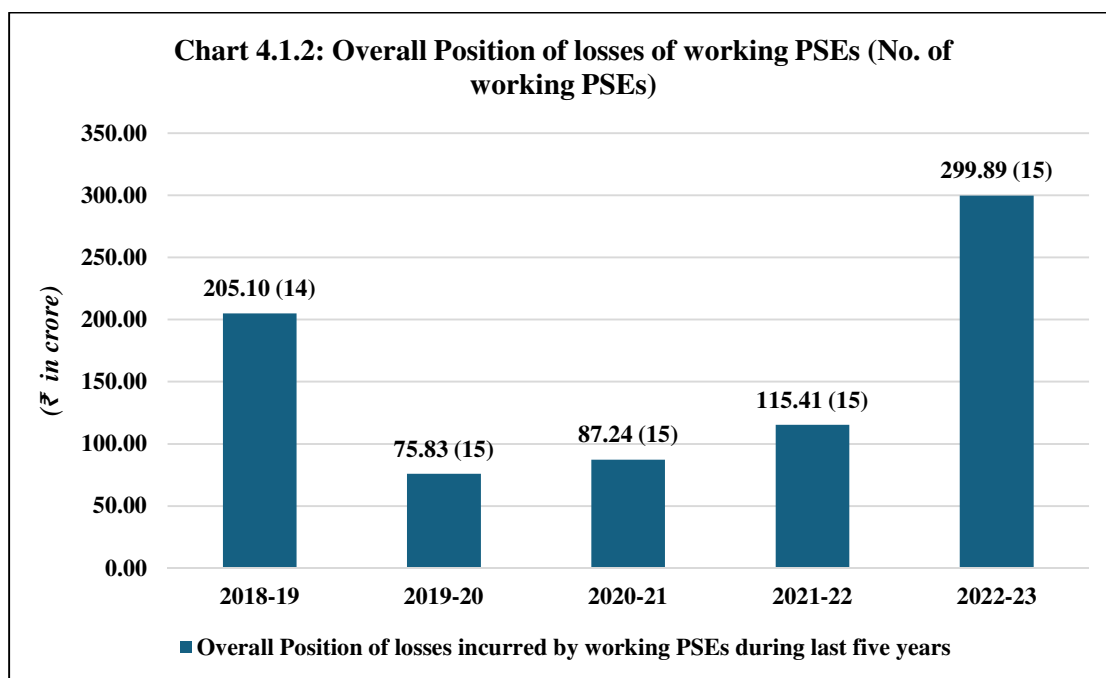
(*₹ in crore*)

Name of PSE	Year of Accounts	Paid up capital	Accumulated losses
Tripura State Electricity Corporation Limited	2022-23	665.76	742.50*
Tripura Road Transport Corporation	2019-20	163.96	288.04
Tripura Industrial Development Corporation Limited	2021-22	16.17	27.04
Agartala Smart City Limited	2021-22	0.10	0.24
Total		845.99	1,057.82

*Net after adjusting 'free reserves' of ₹ 61.07 crore

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

The overall position of losses¹²⁸ incurred by working PSEs during 2018-19 to 2022-23 are depicted in **Chart 4.1.2**.



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

From **Chart 4.1.2**, it can be seen that the working PSEs incurred losses during all the five years under reference and had shown an increasing trend after 2019-20. The losses of working PSEs during last five years were mainly driven by the losses incurred by the power sector PSEs. The overall losses of working PSEs, which were highest during 2022-23 (₹ 299.89 crore) were mainly contributed by the losses (₹ 284.33 crore) of Tripura State Electricity Corporation Limited.

¹²⁸ As per the latest finalised accounts of working PSEs as on 30 September of the respective year

During the year 2022-23, out of 15 working PSEs, four PSEs earned an aggregate profit of ₹ 21.14 crore and eleven PSEs incurred loss of ₹ 321.03 crore. The details of major contributors to overall profits and losses of working PSEs are given in **Table 4.1.10**.

Table 4.1.10: Major contributors to profits and losses of working PSEs

(₹ in crore)

Name of PSE	Latest finalised accounts	Profit (+)/ loss (-)
Tripura Natural Gas Company Limited	2022-23	(+) 20.25
Tripura State Electricity Corporation Limited	2022-23	(-) 284.33
Tripura Jute Mills Limited	2021-22	(-) 16.03
Tripura Small Industries Corporation Limited	2018-19	(-) 7.98

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 employed¹²⁹.

During 2022-23, the overall Capital Employed in 15 working PSEs as per their latest accounts was ₹ 1,122.24 crore. The ROCE of 14 out of these 15 PSEs ranged from (-) 192.90 *per cent* (Tripura Jute Mills Limited) to (+) 15.71 *per cent* (Tripura Natural Gas Company Limited). ROCE of two SPSE (Tripura Road Transport Corporation and Agartala Smart City Limited) was not workable due to complete erosion of the Capital Employed. Further, out of 15 working PSEs, only three PSEs¹³⁰ 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 Government¹³¹ 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.

¹²⁹ Capital employed = Paid up share capital plus accumulated profits plus free reserves & surplus plus long term loans minus accumulated losses and deferred revenue expenditure

¹³⁰ PSEs at Sl. No. A.11, A.12 and A.14 of **Appendix 4.1.1**

¹³¹ As per the records of PSEs

During 2022-23, out of 15 working PSEs, eleven PSEs incurred loss (₹ 321.03 crore) and only four PSEs earned profits¹³² (₹ 21.14 crore) (**Appendix 4.1.1**). On the basis of return on historical value, the State Government investment eroded by 11.92 *per cent* during 2022-23. On the other hand, the Rate of Real Return where the present value of investment is considered, the State Government investment eroded by 4.57 *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 PSEs

As on 31 March 2023, there was only one non-working PSE (*viz.* Tripura State Bank Limited), which had been non-functional since 1971. The said PSE was in the process of liquidation under Section 248 of the Companies Act, 2013¹³³ since 1971. Since the PSE was neither contributing to the State economy nor meeting the intended objectives of its formation, the liquidation process to wind up this PSE needs to be expedited.

4.1.12 Impact of Audit Comments on Annual Accounts of PSEs

During October 2022 to September 2023, 11 working PSEs (all Companies) had forwarded 13 accounts to the Principal Accountant General (Audit), Tripura. Eleven accounts of nine Companies were selected for Supplementary Audit during the year while 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 PSE 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 4.1.11**.

Table 4.1.11: Impact of audit comments on working Companies

(₹ in crore)

Sl. No.	Particulars	2020-21		2021-22		2022-23	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	0.11	4	7.05	1	3.26
2.	Increase in loss	4	0.75	3	11.87	6	7.93
3.	Non-disclosure of material facts	1	150.37	0	0.00	2	91.26
4.	Errors of classification	0	0.00	0	0.00	0	0.00

During the year, the Statutory Auditors had given qualified certificates on all the 13 accounts of 11 companies. There were four instances of non-compliance with the Accounting Standards in three accounts. The audit comments were based on the

¹³² As per the latest finalised accounts of working PSEs as on 30 September 2023

¹³³ The Companies Act, 2013 replaced the erstwhile Companies Act, 1956 with effect from 1 April 2014.

non-compliance with IND AS-109 (Financial Instruments), AS-5 (Net profit or loss for the period, prior period items and changes in the Accounting Policies), AS-17 (Segment Reporting) and AS-29 (Provisions, Contingent Liabilities and Contingent Assets).

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 the Principal Accountant General (Audit), Tripura.

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

Tripura Handloom & Handicrafts Development Corporation Limited (2021-22)

- ‘Expenditure (₹ 17.28 crore)’ was understated by ₹ 1.76 crore due to non-accounting of outstanding expenses/ claims pertaining to the current year contrary to the principles of accounting on accrual basis, resulting in the understatement of ‘Loss for the year’ by ₹ 1.76 crore with the corresponding understatement of ‘Current Liabilities’ to the same extent.

Tripura State Electricity Corporation Limited (2022-23)

- ‘Liabilities for Deposit Works (₹ 125.58 crore)’ was overstated by ₹ 7.07 crore (net) due to inappropriate inclusion of the fictitious assets (debit balances: ₹ 5.11 crore) and fictitious liabilities (credit balances: ₹ 12.18 crore) being carried forward for the periods prior to the financial year 2010-11 without any supporting details/ documents and hence, the same should have been written back. This has correspondingly resulted in the overstatement of ‘Loss for the year’ to the same extent.
- The Company has irregularly booked an amount aggregating to ₹ 43.86 crore as ‘Grant Receivable against R-APDRP Expenditure-Other Non-Current Assets (Note 5)’ towards (a) Depreciation against R-APDRP assets created out of PFC Loan, (b) Communication Expenses, (c) Professional and Testing charges, *etc.* relating to R-APDRP Scheme works, which was not justified pending conversion of the PFC Loan into Grant by the PFC.

Tripura Industrial Development Corporation Limited (2021-22)

- ‘Capital Work-in-Progress’ was overstated by ₹ 9.36 crore due to inclusion of the capital cost of various Tangible Assets which were already completed as on 31 March 2022 and hence, same should have been transferred to ‘Tangible Assets’ and depreciation charged accordingly. This resulted in understatement of ‘Tangible Assets’ (Gross Block) by ₹ 9.36 crore each.

Tripura Rehabilitation and Plantation Corporation Limited (2020-21)

- ‘Sheet rubber (₹ 0.85 lakh kg @ ₹ 105 per kg: ₹ 0.90 crore)’ under Inventories (*refer ‘Notes on Accounts’ para VIII*) represents the value of Sheet Rubber Stock derived based on the purchase price of latex (₹ 105 per kg) prevailing at the end of

2020-21 thereby completely ignoring the processing cost incurred in bringing the inventories to their present location and condition, which is not in conformity with the provisions of 'Accounting Standard 2: Valuation of Inventories'. This has resulted in understatement of 'Inventories' by ₹ 0.17 crore with corresponding overstatement of 'Cost of Material consumed' and 'Loss for the year' to the same extent.

- 'Office building: ₹ 0.73 crore' under Fixed Assets represents the three storied office building occupied by the Company as its Headquarters since January 2015. The Company had considered the useful life of the Building as 30 years (depreciation charged: ₹ 9.50 *per cent* per annum) instead of 60 years (applicable depreciation rate: 4.87 *per cent* per annum) as prescribed under the Companies Act, 2013 (*refer Part C para 5, item 1(a) of Schedule II*). Further, depreciation was not charged on the building during 2015-16 to 2017-18. Thus, there was an overall short charging of depreciation to the extent of ₹ 0.09 crore (current period-over charged: ₹ 0.02 crore; prior-period short charged: ₹ 0.11 crore). This has resulted in overstatement of 'Office Building' by ₹ 0.09 crore with corresponding understatement of the 'Loss for the year' 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 had 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 4.1.12**.

Table 4.1.12: Explanatory notes not received (as on 30 September 2023)

Year of the Audit Report (Commercial/ PSEs)	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
2018-19	17-03-2022	0	2	0	2
2019-20	28-03-2022	1	0	1	0
Total		5	9	4	9

From **Table 4.1.12**, it can be seen that out of 14 paragraphs/ performance audits, explanatory notes to 13 paragraphs/ performance audits in respect of three departments, which were commented upon, were awaited (September 2023).

The issue of pendency of furnishing of *suo motu* replies to audit paras was taken up (June 2022) with the Secretary, Tripura Legislative Assembly and Finance Department, Government of Tripura with the request to take steps so that the departments concerned furnish the *suo motu* replies and the pendency can be reduced. Moreover, the list of outstanding paras were also forwarded to the Finance Department and the department concerned in June 2023.

4.1.13.2 Discussion of Audit Reports by COPU

The status of performance audits and paragraphs relating to PSEs that appeared in the State Audit Reports and discussed by the COPU as on 30 September 2023 was as given in **Table 4.1.13**.

**Table 4.1.13: Performance audits/ paragraphs featured in State Audit Reports
vis-à-vis discussed by COPU as on 30 September 2023**

Audit of Report Year	Number of performance audits/ paragraphs			
	Appeared in Audit Reports		Discussed by COPU	
	Performance audits	Paragraphs	Performance audits	Paragraphs
2013-14	1	3	1	3
2014-15	1	2	Nil	Nil
2015-16	1	Nil	Nil	Nil
2016-17	1	1	Nil	Nil
2017-18	1	4	Nil	Nil
2018-19	0	2	Nil	Nil
2019-20	1	Nil	Nil	Nil
Total	6	12	1	3

4.1.13.3 Compliance to Reports of COPU

Action Taken Notes (ATNs) to 58 recommendations pertaining to latest 10 Reports of the COPU presented to the State Legislature between November 2010 and February 2015 have not been received (September 2023) as indicated in **Table 4.1.14**.

Table 4.1.14: 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	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				58	58

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 C&AG for the years 1989-90 to 2008-09.

Recommendation;

State Government should review and revamp the mechanism of responding to audit observations. The Government 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.

TOURISM DEPARTMENT
(Tripura Tourism Development Corporation Limited)

4.2 Subject Specific Compliance Audit on “Swadesh Darshan Scheme”

4.2.1 Introduction

The Swadesh Darshan Scheme (SDS) - Integrated Development of Theme Based Tourist Circuits¹³⁴ in the Country is the flagship scheme of the Ministry of Tourism (MoT), Government of India (GoI) for the development of the tourism infrastructure in the country. The MoT, GoI launched this Centrally funded scheme in January 2015.

The Swadesh Darshan Scheme is envisioned to synergise with other Government of India schemes like Swachh Bharat Abhiyan, Skill India, Make in India, etc. with the idea of positioning the Tourism sector as a major engine for job creation, driving force for economic growth, building synergy with various sectors to enable tourism to realise its potential. The main objectives of the Scheme, inter alia, includes the following:

- to position tourism as a major engine of economic growth and job creation.
- develop circuits having tourist potential in a planned and prioritised manner.
- promote cultural and heritage value of the country to generate livelihood in the identified region.
- to create employment through active involvement of local communities, *etc.*

4.2.2 Implementation of Swadesh Darshan Scheme in the State of Tripura

Tripura is a hilly North-Eastern State of India blessed with natural rich topography, unique geographical location with tropic of cancer passing through its heart. The State, an abode of rich floral and faunal biodiversity, unique landscapes and moderate climate throughout the year has immense potential for tourism. The total tourist's inflow (both domestic as well as foreign nationals) in the State commencing from the financial year 2015-16 to March 2023 was 29.75 lakh.

The MoT, GoI sanctioned creation of two tourist circuits under the SDS in Tripura namely (a) Development of North-East circuit: Agartala– Sepahijala– Melaghar– Udaipur– Amarpur– Tirthamukh– Mandirghat– Dumboor– Narikel Kunja– Gandacherra– Ambassa (***Agartala Tourist Circuit***) at a sanctioned cost of ₹ 99.59 crore in the year 2015-16, and (b) Development of North- East circuit: Surmacherra- Unakoti- Jampui Hills- Gunabati- Bhubaneshwari- Matabari-

¹³⁴ Tourist circuit is defined as a route on which at least three major tourist destinations falling in different towns, villages or cities are located but not separated by a long distance. It should have well defined entry and exit points. A tourist who enters should get motivated itself to visit all the places identified on the circuit.

Neermahal- Boxanagar- Chottakhola- Pilak- Avangcherra (*Unakoti Tourist Circuit*) at a sanctioned cost of ₹ 64.99 crore in the year 2018-19.

- The Agartala Tourist Circuit comprised 11 different tourist destinations which was subsequently revised to 10¹³⁵ destinations. The sanctioned cost of the said circuit was revised (August 2020) to ₹ 82.85 crore. The total expenditure on Agartala Tourist Circuit was ₹ 73.75 crore (March 2023).
- The Unakoti Tourist Circuit comprised 11 different tourist destinations which was subsequently revised (March 2022) to 10¹³⁶ destinations with a sanctioned cost of ₹ 50.38 crore which was further revised (July 2022) to ₹ 44.83 crore. The total expenditure on Unakoti Tourist Circuit was ₹ 11.92 crore (March 2023).

The State Tourism Department is the administrative department for promotion of tourism in the State. Tripura Tourism Development Corporation Limited (TTDCL) is the nodal agency for implementation of SDS in the State.

4.2.3 Audit objectives

The Subject Specific Compliance Audit (SSCA) on the implementation of the SDS was conducted with a view to get a reasonable assurance that:

- the SDS funds were utilised judiciously, and the tourist circuits so created in the State out of the SDS funds resulted in the augmentation of the tourists' inflows in the State,
- the identified tourist circuits in the State comprising all the project components therein were executed in an economic, efficient, effective, and coordinated manner, and
- there existed proper monitoring mechanisms for ensuring the achievement of scheme objectives.

4.2.4 Audit scope, methodology and sampling

The SSCA covered implementation of the scheme in the State with due emphasis on the development of the two tourist circuits namely (a) Agartala Tourist Circuit and (b) Unakoti Tourist Circuit from the scheme's inception in January 2015 to March 2023. The records of the Directorate of Tourism (DoT), Government of Tripura (GoT); TTDCL, and other State Government implementing agencies, *etc.* were examined during the audit. Besides, joint physical inspection of the sites was also conducted in coordination with the audited entities.

An Entry Conference was held in July 2023 at the level of the Secretary, Tourism Department, Government of Tripura, and the officers of the TTDCL wherein the audit objectives, criteria and scope of audit were explained. The audit findings were

¹³⁵ Dropped destination being Raishyabari comprising of six Project components involving Sanctioned Project cost of ₹ 1.39 crore.

¹³⁶ Dropped destination being Matabari comprising of 10 Project components involving Sanctioned Project cost of ₹ 13.93 crore.

discussed at the level of the Secretary, Tourism Department, Government of Tripura, and the officers of TTDCL in an Exit Conference held in March 2024. The views expressed by the Government during the Exit Conference and the replies (April 2024) furnished post Exit conference have been suitably incorporated in the relevant observations.

A total of 19 Projects (to the extent of 100 *per cent*) out of the 19 projects/projects' components valuing ₹ one crore or more of both the tourist circuits identified under the SDS were selected for the detailed audit scrutiny. The details of the projects selected for the audit scrutiny during SSCA are given in **Appendix 4.2.1**.

4.2.5 Audit criteria

The following criteria were applied for the SSCA:

- Scheme guidelines and instructions issued by the MoT, GoI.
- Instructions issued by the State Government.
- Terms and conditions of the sanction letters of the scheme issued by the MoT, GoI.
- General Financial Rules, 2017 (GFR, 2017), Central Vigilance Commission (CVC) guidelines, Archaeological Survey of India (ASI) guidelines.

4.2.6 Audit findings

Objective 1: The SDS funds were utilised judiciously, and the tourist circuits so created in the State out of SDS funds resulted in the augmentation of tourists' inflows in the State

4.2.6.1 Utilisation of SDS Fund

The SDS guidelines, 2017 provided that the SDS fund to the State Government will be released as under:

Sl. No.	Instalment	Percentage
1	First	30 <i>per cent</i> of the project cost on submission of the work orders, Good for Construction (GFC), DPR with GFC, statutory approvals from the respective agencies for construction initiation and detailed Bills of Quantities (BoQs)
2	Second	30 <i>per cent</i> of the project cost after receipt of Utilisation Certificate (UC) for the first instalment
3	Third	25 <i>per cent</i> of the project cost after receipt of UC for the second instalment
4	Fourth	10 <i>per cent</i> of the project cost on completion of the work and receipt of UC
5	Fifth	Five <i>per cent</i> of the project cost after successful Operation and Maintenance (O&M) of toilet, Tourist Facilitation Centre (TFC), cafeteria facilities for one year as certified by an independent agency

Scrutiny of the records revealed that out of ₹ 84.39 crore (being in excess of the revised sanctioned cost by ₹ 1.54 crore) received for Agartala Tourist Circuit during the period from 2015-16 to 2022-23, the TTDCL could utilise 87 *per cent* of the funds so received (*i.e.* ₹ 73.75 crore) during the period and surrendered ₹ 11.54 crore to the MoT. Out of ₹ 18.37 crore received (*i.e.* 41 *per cent* of revised sanctioned cost of ₹ 44.83 crore) during 2018-19 to 2022-23 for Unakoti Tourist Circuit, the TTDCL could utilise 64.90 *per cent* (*i.e.* ₹ 11.92 crore) of the fund so received during the said period. Further, the TTDCL refunded ₹ 1.80 crore to the MoT in respect of the Unakoti Tourist Circuit. Audit further observed that, notwithstanding the aforementioned percentage utilisation of the SDS funds, the utilisation of the SDS fund was marred with significant delays ranging from 11 to 57 months. In respect of the Unakoti Tourist Circuit, the TTDCL could not obtain the subsequent release of SDS funds from the MoT. The delay in utilisation/ non-release of subsequent instalment of SDS fund was attributable to several project management issues which are discussed in the succeeding paragraphs.

The Government replied (April 2024) that at the initial stage, there was no engineering wing for implementation of works under SDS and it had to depend upon other State Government departments like Rural Development Department, Public Works Department, *etc.* Further, Engineering wing of the TTDCL started functioning from 2020-21. Moreover, all the work orders were issued in the year 2020 and the progress of works were hampered due to restrictions imposed during the Covid 19 pandemic.

The reply is not acceptable because the low utilisation of the fund was primarily attributable to failure on the part of TTDCL to undertake the implementation of the sanctioned projects immediately and/ or delays in execution of the projects.

4.2.6.1(i) Non-refund of interest income to the MoT

As per Rule 230 (8) of General Financial Rules, 2017 (GFR, 2017), all interest or other earnings against grant or other advances should be mandatorily remitted to the Consolidated Fund of India. In this regard, clause 9 of the sanction letters issued by the MoT, *inter alia*, states that the TTDCL will not keep the amount released by the Central Government unutilised for more than six months. In case, the funds are not utilised by such time, the same shall have to be surrendered to the Central Government along with the interest earned, if any.

Audit observed that the TTDCL had earned interest income on SDS fund aggregating to ₹ 4.23 crore during the period from August 2016 to March 2023. However, the TTDCL had remitted interest income to the tune of ₹ 3.22 crore only to the MoT. Besides, interest income of ₹ 0.02 crore earned on the SDS fund was still lying (October 2023) with the SDFO, Ambassa. Thus, the TTDCL, in violation of the

aforesaid provision, did not refund ₹ 1.03 crore¹³⁷ of interest income earned on SDS fund to the MoT (October 2023).

The Government assured (April 2024) that henceforth the above instructions would be strictly followed.

4.2.6.1(ii) Submission of inaccurate Utilisation Certificates

SDS Guidelines, 2015 provide that subsequent instalments of the SDS fund will be released only on the receipt of Utilisation Certificates (UCs) in respect of the previous instalments disbursed.

The details of the sanctioned project cost, quantum of SDS fund released to the Implementing Agencies (IAs), expenditure incurred as well as the incorrect UCs sent to the MoT in respect of nine out of the 19 sampled projects is depicted in Table 4.2.1.

Table 4.2.1: Statement showing the details of sanctioned project cost, SDS fund released to the IAs, expenditure and UCs sent to the MoT for the period up to October 2023

(₹ in crore)						
Sl. No.	Project name	Project cost	Fund placed to the IAs	Expenditure	UCs sent to MoT	Difference (f)-(e)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Light & Sound Show at Ujjayanta Palace	8.28	5.60	5.50 (5.33+0.17)	5.60	0.10
2	Border Ceremony Facility Project at Akhaura	9.05	9.05	5.44	9.05	3.61
3	Sepahijala Log-Huts - 10 Nos. (Constructed 5 Nos),	4.15	4.02	4.02	4.43	0.41
4	Udaipur- Tepania Log hut (3 Nos.)	1.24				
5	Ambassa Destination : Log Huts (3 Nos.)	1.24				
6	Baramura Destination: Log Huts- (10 Nos.) (Constructed 5 Nos.)	4.15				
7	Melaghar Destination	3.90	3.56	2.02	3.46	1.44
8	Narikel Kunja Destination: 16 Nos. of Log Huts	7.05	7.40	7.40	5.61	(-) 1.79
9	Signage-Circuit Agartala	1.11	0.74	0.50	0.86	0.36
Total				24.88	29.01	

¹³⁷ ₹ 1.03 crore = ₹ 1.01 crore interest income earned lying with TTDCL plus ₹ 0.02 crore interest income earned on the funds lying with SDFO, Ambassa

It can be seen from the **Table 4.2.1** that as against the expenditure of ₹ 17.48 crore in respect of eight projects mentioned in Sl. No. 1 to 7 and Sl. No. 9, the TTDCL had furnished inaccurate UCs to the MoT by overstating the utilisation of the fund to an extent of ₹ 5.92 crore. Further, in respect of the project mentioned at Sl. No. 8, the TTDCL had furnished inaccurate UCs to the MoT by way of understating the expenditure to an extent of ₹ 1.79 crore.

Audit observed that SDS fund of ₹ 2.43 crore was released to the Executive Engineer, Agartala Division No.1, Public Works Department (Roads and Buildings), GoT (Division-1, Agartala), for execution of the Border Ceremony Facility project at Akhaura, Agartala. The said fund of ₹ 2.43 crore was unutilised, and it had already been lapsed (October 2023) for want of revalidation. Besides, SDS fund amounting to ₹ 0.24 crore placed with the IA namely the State Public Works Department (PWD) and Rural Development Department (RDD) for signage project component remained unutilised for four years (October 2023). Hence, incorrect UCs in respect of the above cases were furnished to the MoT.

Thus, the TTDCL, after disbursement of funds to the IAs for execution of the projects entrusted to them, failed to effectively account for and monitor the utilisation of funds by the IAs. Failure on the part of the TTDCL to do so resulted in the submission of incorrect UCs.

The Government, while admitting the fact, stated (March 2024) that the UCs had been submitted based on the SDS fund disbursed to the executing agencies. The Government assured (April 2024) that henceforth, the UCs would be sent to the MoT, GoI based on the UCs received from the executing agencies.

4.2.6.1(iii) Inflow of tourists in the State

The tourists' inflows/ tourists' footfall is the key indicator for ascertaining the present status of tourism of a Country/ State/ Place and the generation of the potential revenue in respect thereof. The details of the year-wise tourist arrivals in the State during the period from 2015-16 to 2022-23 are depicted in **Table 4.2.2**.

Table 4.2.2: Tourists' footfall in Tripura during the period 2015-16 to 2022-23

Financial year (FY)	No. of tourists' inflow (overnight visited)			Increase in domestic tourist footfall vis a vis previous FY (in percentage)	Increase in foreign tourist footfall vis a vis previous FY (in percentage)	Increase in total tourist footfall vis a vis previous FY (in percentage)	Decrease in total tourist footfall vis a vis pre-Covid period (2019-20) (in percentage)
	Domestic	Foreign	Total				
2015-16	3,63,828	35,619	3,99,447	-	-	-	-
2016-17	3,80,578	39,229	4,19,807	4.60	10.14	5.10	-
2017-18	4,03,394	80,094	4,83,488	6.00	104.17	15.17	-
2018-19	4,16,860	1,12,955	5,29,815	3.34	41.03	9.58	-
2019-20	4,31,142	1,54,993	5,86,135	3.43	37.22	10.63	-
2020-21	74,344	1	74,345	-82.76	-100.00	-87.32	-87.32
2021-22	1,96,820	36	1,96,856	164.74	3,500.00	164.79	-66.41
2022-23	2,49,712	35,137	2,84,849	26.87	97,502.78	44.70	-51.40

Source: Information furnished by the TTDCL

It can be seen from **Table 4.2.2** that prior to the outbreak of the Covid-19 pandemic, the tourists' inflow (both domestic as well as foreign) in the State was 5.86 lakh whereas the tourists' inflow during 2022-23 was a meagre 2.85 lakh which was not even 50 *per cent* of the total tourists visiting the State immediately prior to outbreak of the Covid-19 pandemic.

The Government stated (April 2024) that the tourism sector had been most affected during Covid-19 pandemic and all the tourist destinations had less footfall as the entry points of the State were closed. It was further stated that the State Government's recent initiatives of nominating Sourav Ganguly as the brand ambassador of Tripura Tourism, introduction of the Light and Sound show at Ujjayanta Palace for 365 days in a year, *etc.* would further boost the tourists' inflow in the State.

However, the fact remains that the tourists' footfall in the financial year 2022-23 was not even *at par* with the pre covid period level notwithstanding expenditure of the SDS funds to the tune of ₹ 85.67 crore¹³⁸ over a period of eight years towards the implementation of the Scheme. Further, many projects/ project components were not fully developed (October 2023) while some of the components were dropped. As a result, the intended benefits of improved infrastructures envisaged under the Scheme for the purpose of promotion of tourism in the State is yet to be achieved.

¹³⁸ Expenditure of ₹ 73.75 crore in respect of Agartala Tourist Circuit *plus* expenditure of ₹ 11.92 crore in respect of Unakoti Tourist Circuit till 2022-23

Objective 2: *The identified tourist circuits in the State comprising all the project components therein were executed in an economic, efficient, effective, and coordinated manner.*

4.2.6.2 Execution of infrastructural creation projects

The project-wise project management issues *viz.* deficient planning in respect of obtaining prior site clearance from the Forest department and the Archaeological Survey of India (ASI), lack of monitoring of the project works, deficiency in agreements of the project entrusted, *etc.* by the TTDCL in the construction of SDS projects works leading to infructuous expenditure, delay in project completion and expenditure on extra items, *etc.* are discussed in subsequent paragraphs.

4.2.6.2(i) Irregularity in selection of Project Management Consultant (PMC) and deficiencies in services provided by the PMCs

A. Irregularity in the selection of the PMC: Project Management Consultant (PMC) plays an important role in the successful completion of construction projects by providing services right from the stage of conceiving the Project to the final stage of its completion.

The provisions of clause (xxi) of rule 173 of the GFR, 2017, *inter alia*, provide that when a limited or open tender results in only one effective offer, it shall be treated as a single tender contract. Further, Rule 194 of the GFR, 2017 also provides that the selection by direct negotiation/nomination, on the lines of single tender mode of procurement of goods, is considered appropriate only under exceptional circumstances such as: (i) tasks that represent a natural continuation of previous work carried out by the firm; (ii) in case of an emergency situation, situations arising after natural disasters, situations where timely completion of the assignment is of utmost importance; and (iii) situations where execution of the assignment may involve use of proprietary techniques or only one consultant has requisite expertise, *etc.*

Rule 194 of GFR, 2017 states that full justification for single source selection should be recorded in the file and approval of the competent authority be obtained before resorting to such single-source selection.

It was noticed (October 2023) in audit that the TTDCL had invited (July 2015) Request for Proposal (RFP) on a very short notice of seven days for the purpose of selection of a PMC for rendering professional services for specific projects including Detailed Project Reports (DPRs) and costing, *etc.* for tourist destinations/ circuits under NE circuit of SDS. It was further observed that in the selection of PMC, M/s Luit Valley Engineering Private Limited, Guwahati, was the only qualified bidder for selection as PMC. However, the State Government in violation of the provisions of Rule 173 and Rule 194 of GFR, 2017, proceeded with the finalisation of the RFP on a single tender basis without recording any justifications in respect thereof. As such, M/s Luit Valley Engineering Private Limited was selected as PMC for the SDS Projects.

Thus, lack of due diligence and transparency in the selection process of the PMC as well as undue haste on the part of the State Government resulted in the loss of opportunity of selection of a competent PMC from across the spectrum of PMCs available across the Country.

The Government, on the issue of the irregular selection of the PMC, replied (April 2024) that out of two bidders, the work was awarded to the lowest bidder *i.e.* Luit Valley Engineering Private Limited, Guwahati.

The reply of the Government, on the issue of selection process of the PMC, is not acceptable because (i) in response to RFP invited by the TTDCL, two bidders had submitted their bids of which one of the bidder's technical bid was treated as non-responsive due to non-submission of requisite papers and earnest money. Further, the State Government finalised the RFP on a single bid basis without recording any justifications and awarded (August 2015) the work to the only qualified bidder *i.e.*, M/s Luit Engineering Private Limited, Guwahati.

B. Deficient services rendered by the PMC: The DPRs so prepared by the selected PMC were defective since 46 project components valuing ₹ 34.75 crore were dropped by the MoT. Besides, due to the defective DPR prepared by the said PMC, the implementation of nine¹³⁹ projects valuing ₹ 58.70 crore were adversely affected/dropped or are on the verge of being dropped by the MoT. The deficient services rendered by the selected PMC are discussed in the subsequent paragraph. The State Government failed to initiate any penal action against the PMC for the deficient services rendered. This was indicative of poor monitoring on the part of the PMC.

The Government, on the issue of deficient services rendered by the PMC, admitted (March 2024) that there were some shortcomings in the projects prepared by the PMC. The Government in its reply also stated (April 2024) that some of the projects had been dropped by the MoT due to sanction of funds under other schemes in the same destination to avoid duplication.

4.2.6.2(ii) Execution of the infrastructural projects

A. Delay in completion of the SDS Projects

SDS guidelines, 2015 stipulate that invitation and finalisation of all tenders for the projects shall be completed within three months from the date of the sanction of the projects.

Further, the SDS sanction letters issued to the State Government in respect of both the Circuits, *inter alia*, provide that the project should be commissioned within a maximum period of 30 months from the date of issue of sanction.

¹³⁹ Border Ceremony Facility project at Akhaura, (b) Boxanagar project, (c) Light and Sound Show project, (d) Infrastructure facilities at Jampui Hills and Highest peak, (e) Bhubaneshwari temple and other ASI protected areas projects, (f) Unakoti project, (g) Chottakhola project, (h) Surmacherra projects and (i) Avangcherra projects

The overall delay in completion of the SDS projects under both the Agartala Tourist Circuit and Unakoti Tourist Circuit is summarised in **Appendix 4.2.2**.

Scrutiny of the records revealed that:

- there were delays in entrustment of the infrastructure creation projects in respect of the Agartala Tourist Circuit to other State IAs ranging from six months to 44 months from the date of the sanction of the project by the MoT.
- as against three months stipulated in the SDS guidelines, there were delays in finalisation of the tender ranging from five months to 56 months and from 14 months to 43 months in case of Agartala Tourist Circuit and Unakoti Tourist Circuit respectively.
- the delays in completion of the projects under the Agartala Tourist Circuit, as against the sanction letter stipulated period of 30 months, ranged from 11 months to 57 months. Further, the delays in completion of the projects under the Agartala Tourist Circuit, as against the scheduled time completion period as per the respective agreements, ranged from nine to 36 months respectively.
- none of the projects in respect of the Unakoti Tourist Circuit were completed (October 2023) notwithstanding expiry of a period of 32 months from the stipulated period in the sanction letter.

B. Implementation of projects in respect of Agartala Tourist Circuit

1. Light and Sound Show project at Ujjayanta Palace

Ujjayanta Palace is a favoured tourist destination in the State of Tripura. Ujjayanta Palace is now a state museum, popularly known for its display of lifestyle, arts and cultural artefacts, and utility crafts of communities residing in Northeast India.

The creation of the Light & Sound Show project at Ujjayanta Palace, Agartala was sanctioned (December 2015) at a cost of ₹ 8.28 crore by the MoT, GoI. The main objective of the said project was to exhibit the Light and Sound Show on the right façade of the Ujjayanta Palace building in order to showcase the heritage and culture of Tripura.

Scrutiny of the records revealed that:

- ***Defective DPR prepared by the earlier PMC:*** The TTDCL after many deliberations, entrusted (November 2019) the execution of the project to the Implementing Agency (IA) namely, Agartala Smart City Limited (ASCL) with inordinate delay of over four years. The DPR for the said project prepared by the earlier PMC was not based on the actual site-survey and thus could not be utilised by the ASCL. The DPR for the project had to be prepared afresh by the ASCL by its existing PMC *i.e.* Tata Consulting Engineer Limited for ₹ 17.35 lakh. The preparation of the fresh DPR resulted in excess expenditure of ₹ 17.35 lakh.
- ***Delay in completion of the project vis a vis the scheduled time completion:*** As against the scheduled time completion period of six months, the ASCL completed

the project with inordinate delay of nine months (March 2023) at a cost of ₹ 5.33 crore.

Audit further observed that:

- ***Deficient planning:*** The TTDCL, as such, did not have the requisite technical expertise for execution of the said project of such scale. Notwithstanding, the TTDCL spent considerable time in the tendering and retendering process for execution of the said project by itself. The TTDCL, eventually, entrusted the execution work to ASCL with an inordinate delay of over four years. This was indicative of deficient planning on the part of both the State Government as well as the TTDCL.
- ***Delay of 22 months in finalisation of tender by ASCL:*** As against the scheme guidelines, 2015 requiring the finalisation of tender within three months from the sanction of the project by the MoT, the tender floated (November 2020) by the ASCL for the project was finalised (December 2021) with an inordinate delay of almost two years.
- ***Inclusion of inadmissible item in contract agreement:*** Notwithstanding, the specific SDS guidelines stipulation of the expenditure, if any, incurred in respect of the Operation and Maintenance (O&M) of the assets created under the SDS to be borne by the State Government, the ASCL entered into an agreement for O&M of the project for ₹ 80 lakh from the SDS fund which was an inadmissible item.
- ***Extension of undue favour to the contractor:*** The provisions of clause No. 46 of the General Conditions of the Contract (GCC), *inter alia*, provides that where the contractor fails to complete whole of the works or any part thereof within the stipulated time period, recoveries *i.e.* Liquidated Damages (LD) shall be made from the Running Account Bills (RA Bills) of the Contractor at the prescribed rates. It was observed that the contractor took almost 18¹⁴⁰ months for completion of the said project. However, ASCL could not curb the delay tactics of the contractor by way of invocation of the aforementioned clause No. 46 of the GCC. This resulted in extension of undue benefit to the contractor.

The Government replied (April 2024) that the delay was mainly attributable to (a) its limited expertise in implementation of such projects, and (b) time taken in selection of the implementing agency as well as finalisation of the script for the project.

The reply is not acceptable since the Department failed to take into consideration the fact that it had no expertise in executing such technical projects of a large scale at the inception/ planning stage itself. Instead, it spent considerable time in tendering and retendering for execution of the project by itself and finally entrusted the work to the ASCL. This resulted in the time overrun of the project for over five years.

¹⁴⁰ Since the contractor applied for the third extension of time (EoT) for the period up to 30 July 2023

2. *Border Ceremony Facility project at Akhaura*

The creation of the Border Ceremony Facility (BCF) project comprising of 11 project components at the Integrated Check post (ICP), Akhaura, Agartala, West Tripura was sanctioned (December 2015) by the MoT at a cost of ₹ 9.25 crore¹⁴¹ (**Appendix 4.2.3**). The objective of the creation of the said infrastructural facilities was to enable the tourists to watch the beating retreats ceremony of both Border Security Force (Indian side) and the Border Guard of Bangladesh (BGB) at ICP on the lines of the Indo-Pak Wagah Border. The TTDCL entrusted (January 2016) the execution of the BCF project to the PWD. The tender for the construction of the Conference block, Way-side amenities (Cafeteria) including site development work under Group-I part of the BCF project was floated in August 2016. After finalisation of the tender, the work order was issued (December 2016) to the contractor at a contract value of ₹ 3.83 crore (*i.e.* 22 *per cent* above the estimated cost) with the scheduled time completion period of 18 months *i.e.* by 28 June 2018.

The tender for the construction of the covered gallery with barrack {earlier named as Open Air Theatre (OAT)}, toilet block, gate, and site development work under Group-II part of the BCF project was floated in September 2019. The PWD issued (June 2020) the work order to the contractor at a contract value of ₹ 3.96 crore (*i.e.*, 17 *per cent* above the estimated cost) with scheduled completion period of 12 months *i.e.*, by 16 June 2021.

Scrutiny of the records revealed that:

- ***Suspension of the construction work midway:*** The construction works at the ICP site was suspended since 4 March 2019 due to objections raised by the Border Guards of Bangladesh (BGB). The cafeteria with the reduced scope up to single storey, was completed after a delay of 11 months on 31 May 2019 against the scheduled date of completion (28 June 2018). In respect of the Covered gallery with barrack, only 24 piling and six pile-caps had been completed by 28 September 2021. The said works remained suspended (October 2023) after an expenditure of ₹ 5.44 crore¹⁴².
- ***Temporary closure of the project by MoT:*** The MoT advised (June 2022) the State Government to close the balance work and to complete the same out of the State Fund when permission to resume the work is granted by the BGB. The MoT also advised the State Government to hand over the completed tourist facilities under the SDS at ICP to the Land Port Authority of India (LPAI) for operation. Accordingly, conference block (only completed structure of ground floor¹⁴³ and incomplete first floor) and the cafeteria with toilet block were handed over to the LPAI on 4 May 2023. The facilities handed over to the LPAI was not being used for the tourists' facilities.

¹⁴¹ Details given in **Appendix 4.2.3** (Sl. No. 1)

¹⁴² ₹ 5.44 crore = ₹ 3.54 crore incurred in respect of the Group-I *plus* ₹ 1.11 crore incurred in respect of the Group-II of the BCF Project *plus* ₹ 0.79 crore in respect of Extra item

¹⁴³ Except the finishing work, doors, windows, shutters, *etc.* fittings, sanitary fittings, water supply facilities and electrification work

Audit further observed that:

- **Deficient planning on the part of the PMC and the State Government:** The execution of the BCF project at Akhaura, *ab initio*, was marred with the deficient planning on the part of the State Government and the PMC. Both the State Government and the PMC failed to take into consideration namely (a) the tourist potential of the site, (b) the international ramification/ defense potential associated with the constructions at site nearing the neighbouring country. As such, the DPR for the project prepared by the PMC was defective. This resulted in the failure on the part of the State Government to provide encumbrance-free land to the executing agency.
- **Inordinate delay in tendering process:** There were inordinate delay of six months to three years in according the approval for the Technical Sanction (TS)/ Expenditure Sanction (ES) of the said project, thereby leading to inordinate delays in finalisation of the tendering process.
- **Infructuous expenditure:** The total expenditure in respect of BCF project (October 2023) stood at ₹ 5.44 crore. The BCF project, being incomplete over seven years and the chances of resumption of the balance work being uncertain as well as the completed facilities with the reduced scope not being utilised for the tourists' facilities, the entire expenditure of ₹ 5.44 crore became infructuous.

The status of the project during joint inspection is depicted in **Photographs 4.2.1 and 4.2.2.**



Photograph 4.2.1: The Conference block (Project Cost: ₹ 3.12 crore) abandoned mid-way after constructions upto first floor



Photograph 4.2.2: The State-of-the-Art Cafeteria with toilet block lying idle (₹ 1.8 crore¹⁴⁴) for over four years and being used by BSF Jawans

¹⁴⁴ ₹ 1.80 crore = cafeteria (₹ 1.40 crore) plus toilet-block (₹ 0.40 crore)

The Government admitted the fact and replied (April 2024) that the intended objectives of the BCF project could not be realised due to the objections raised by the Bangladesh Border Guard (BGB) since the project sites fell within 150 yards of the international border. As such, the conference block and the OAT could not be constructed. Furthermore, as per the directives of the MoT, GoI, the conference Block with the reduced scope, cafeteria, toilet block, *etc.* were handed over to the LPAI.

Thus, the fact remains that the expenditure of ₹ 5.44 crore became infructuous and the intended objective of creating a gallery for watching the beating retreats could not be achieved.

3. *Development of Sepahijala Project*

The development of Sepahijala was planned under two projects - creation of log-huts at Sepahijala and execution of different components at Melaghar. The creation of log-huts has been discussed in **Paragraph 4.2.6.2(iii)**. The creation of the development works at Melaghar and Neermahal projects comprising of 11 project components was sanctioned (December 2015) by the MoT at a cost of ₹ 3.56 crore¹⁴⁵ (**Appendix 4.2.3**). The execution work of the creation of the development works at Melaghar and Neermahal projects was entrusted (2016) to the PWD.

Scrutiny of the records revealed that:

- ***Delay in completion of the project:*** The tender for the construction of the development works was floated in December 2016. The PWD awarded (March 2017) the work to the contractor at a contract value of ₹ 3.17 crore (at 19.51 *per cent* above the estimated cost). The scheduled period of completion of the work was 18 months *i.e.*, by 9 September 2018. The execution of the components *viz.* (a) jetties, (b) Open Air Stage/ Theatre (OAT) including gallery at Rajghat, (c) site development at Neermahal and Rajghat end, (d) Ticket counter and food kiosk and (e) RC retaining wall were completed with a delay of over 18 months.

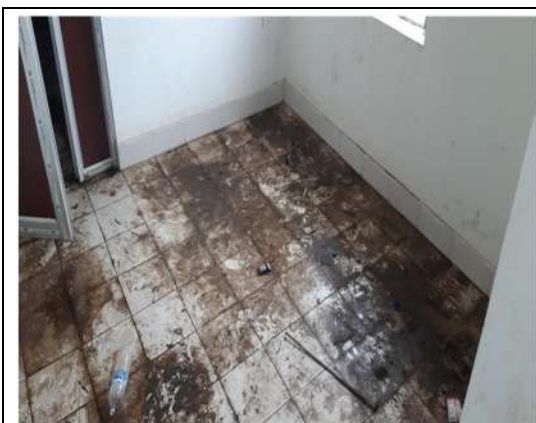
Audit further observed that:

- ***Foreclosure of the contract:*** The Contractor requested (May 2020) for the foreclosure of the contract (after receiving payment of ₹ 1.39 crore) citing his inability to continue the work at the originally contracted rate in view of prevalent high market price. This was approved to by the PWD on 21 January 2021.
- ***Execution of works outside the scope of the agreement:*** The nodal agency instead of focusing on the original scope of the work, had asked the contractor to do extra works and extra items of the works. These were not covered under the scope of the original contract agreement but were executed on the verbal instructions of the higher authority. These included (a) VIP room refurbished as a childcare room, (b) painting of Neermahal during International Tourism Mart

¹⁴⁵ Details given in **Appendix 4.2.3** (Sl. No. 2)

(ITM) and (c) refurbishment of royal kitchen as VIP room at a cost of ₹ 35.97 lakh¹⁴⁶. Moreover, extra items of works aggregating to ₹ 27.06 lakh were also executed under the contract.

- **Retendering of the works leading to time over-run and cost over-run:** Subsequent to the cancellation of the contract in January 2021, two fresh tenders were invited in February 2021 and March 2021 respectively for the construction of Souvenir Shop and Welcome Gate at Neermahal. The works were completed with a delay of eight months in August 2022 and handed over to the TTDCL. The payment made for the construction-work of the Souvenir Shop and Welcome Gate at Neermahal aggregated to ₹ 62.10¹⁴⁷ lakh. Thus, these two works which were originally sanctioned for ₹ 22.94 lakh were executed at a cost of ₹ 63.70 lakh due to delay in execution and focusing on other items of works.
- **Deficient planning leading to infructuous expenditure:** Constructions of OAT and Souvenir Shop at Rajghat were not need-based since these assets were lying unutilised for the period ranging from one to four years and at present the facilities so created is not in a usable condition (**Photographs 4.2.3 to 4.2.4**).



Photograph 4.2.3: The Green Room of the OAT



Photograph 4.2.4: The first building with the climbers on the opening door i.e., Souvenir Shop lying unutilised for over one year.

Further, the TTDCL failed to commence the operation of these facilities (October 2023). Besides, the construction work of the second jetty near Neermahal Access Point was suspended midway after incurring ₹ 12.03 lakh on the verbal instructions of the higher authority. As such, expenditure on OAT¹⁴⁸, (₹ 57.23 lakh¹⁴⁹), Souvenir Shop (₹ 18.32 lakh) and second jetty at Neermahal access point (₹ 12.03 lakh) totalling to ₹ 87.58 lakh became infructuous.

¹⁴⁶ ₹ 35.97 lakh = ₹ 1.36 lakh (VIP room refurbished as Child Care Room) plus ₹ 21.99 lakh (Painting of Neer Mahal during ITM) plus ₹ 12.62 lakh (refurbishment of Royal Kitchen as VIP room)

¹⁴⁷ ₹ 62.10 lakh = ₹ 17.50 lakh (Souvenir Shop) plus ₹ 44.60 lakh (Gate)

¹⁴⁸ i.e., Open-Air Theatre involving components viz. Site clearance, Site Development, Construction of open stage, open gallery, toilet, retaining wall, etc.

¹⁴⁹ ₹ 57.23 lakh = ₹ 14.88 lakh (Construction of Open Air Theatre at Rajghat) plus ₹ 19.35 lakh (Site Development at Rajghat End) plus ₹ 11.37 lakh (Gallery at Rajghat) plus ₹ 11.63 lakh (RC retaining wall)

- **Blocking of SDS Fund due to poor monitoring:** After payment of ₹ 2.02 crore (total execution ₹ 2.10 crore) to contractors by the PWD, the balance SDS fund of ₹ 1.54 crore was lying unutilised with PWD since May 2023 (October 2023) and had not been remitted back to the TTDCL. Due to poor monitoring, the Department failed to recoup the unutilised SDS fund from the PWD.

On the issue of non-utilisation of the OAT of the Melaghar project, the Government replied (April 2024), that the OAT was being used for hosting cultural programmes and it was being managed by the *Samitis* (Societies) comprising the local people. On the issue of non-utilisation of the Souvenir Shop, it informed (April 2024) that the said Souvenir Shop would be inaugurated shortly. On the issue of SDS fund of ₹ 1.54 crore lying with the PWD, it stated (April 2024) that the PWD had been directed to submit UC and refund the unutilised funds.

The reply of the Government is not acceptable since the OAT and Souvenir shop so constructed were lying unutilised as it was in unusable condition since four years and one year respectively. Further, no records relating to handing over of OAT to the *Samitis* were furnished. Besides, poor monitoring on the part of the Department resulted in blocking of SDS fund for ₹ 1.54 crore lying with the PWD.

C. Implementation of projects in respect of Unakoti Tourist Circuit awaiting the completion

1. Construction & Development of Tourism infrastructure project at Surmacherra

The 'Construction and development of tourism infrastructure at Surmacherra, Dhalai District, Tripura' project comprising creation of 17 tourists' facilities/ project components in the vicinity of Surmacherra waterfall was sanctioned (August 2018) by the MoT for ₹ 6.72 crore. The TTDCL issued (July 2020) the work order to the contractor at a contract value of ₹ 6.49 crore (11.79 per cent above the estimated cost) with completion period of 18 months from the date of issue of work order i.e. by 20 January 2022.

Audit observed that:

- **Non-completion of the project /Non-commencement of the project Components' work:** In spite of three time-extensions accorded by the MoT up to December 2023, the physical progress of works was 72.43 per cent (October 2023) and the works of the four project components namely (a) solar power station (b) solar pump, (c) rock climbing and (d) bouldering climbing wall with sanctioned cost of ₹ 1.41 crore were not started (October 2023).

The reasons for non-completion of the project (October 2023) after the expiry of 32 months from the date of issue of SDS sanction letter's stipulated period of 30 months was mainly attributed to (a) Covid-19 pandemic turmoil of 14 months period from July 2020 to August 2021, (b) stoppage of the work on account of *jote* land issues, (c) material mobilisation issues due to National Highway (NH) construction work during the rainy season, and (d) delays by the contractor.

- **Execution of work outside the scope of the agreement:** Four substituted items (₹ 0.44 crore) against agreement items (₹0.31 crore) and 10 extra items (₹ 0.43 crore) earlier not included in the scope of the contract, was approved by the TTDCL in September 2023 and were executed by the contractor. As such, out of the total payment ₹ 4.66 crore made to the contractor, the work outside the scope of the agreement aggregating to ₹ 0.87 crore was executed.
- **Deficient services rendered by the PMCs:** The DPRs prepared by both¹⁵⁰ the PMCs were defective since the same was not based upon the actual site-condition. As such, this necessitated the incorporation of substituted items and extra items of work (₹ 0.56 crore) in the scope of the agreement.
- **Extension of undue benefit to the contractor:** During joint physical inspection with the officials of TTDCL (September 2023), Audit observed that the work of the approach road connecting the steel foot bridge constructed in the vicinity of the Surmacherra waterfall was of sub-standard quality. Therefore, the approach road connecting to the steel foot bridge was washed away by rain within a few days of its construction.

TTDCL, instead of penalising the Contractor by way of deduction of liquidated damages, approved extra items of work valued for ₹ 0.20 crore in the name of road protection work out of which work valuing ₹ 0.14 crore was excluded later from the scope of the contract. This resulted in extension of undue benefit to the Contractor.

The status of the project during joint inspection is depicted in **Photographs 4.2.5** and **4.2.6**.



Photograph 4.2.5: The last stretch of the approach road leading to the steel foot bridge which was washed away by first rain



Photograph 4.2.6: The steel foot bridge constructed to get a better view of the Surmacherra Waterfall

¹⁵⁰ M/s Luit Valley Engineering Pvt. Limited, Guwahati (First PMC) and M/s Engineers Project (India) Limited (EPIL) (Second PMC)

The Government replied (April 2024) that the work of rock climbing and bouldering climbing wall could not be taken up since the rocks on testing were found to be immature and were not safe for such exercise. Further, the road connecting to the steel bridge which had been washed away due to rains was repaired. The solar power station, solar lights and 63 KVA DG sets were installed.

Thus, the reply of the State Government affirms the audit observation that proper feasibility study was not conducted based on the actual site-survey prior to conceiving the said project.

2. *Jampui Hills and Highest peak, North Tripura District*

The “Construction and development of tourism infrastructure at Jampui Hills and Highest Peak, North Tripura District” project comprising of 12 tourist facilities¹⁵¹/ project components was sanctioned (August 2018) by the MoT for ₹ 6.48 crore. The TTDCL issued the work order to the contractor in November 2020 at a contract value of ₹ 6.34 crore (14.50 *per cent* above the estimated cost) with the scheduled time completion period being 12 months *i.e.*, by 17 November 2021.

Audit observed that:

- ***Territorial jurisdiction dispute/ site-clearance issue:*** The construction work could not be carried out by the contractor due to the objections on the territorial jurisdiction raised (July 2021) by Mizoram. Further, the construction work of the way-side amenities at Hmunpui village, Jampui Hills and Welcome Gate at Kanchanpur road, Jampui Hills could not be carried out due to encroachment of the site by local inhabitants and requirement of alignment of the NH. The construction of viewpoints, the integrated complex and parking was stopped by the State Forest Department (October 2022) on the ground of non-production of the "No-Objection Certificate (NoC)" for constructions in the biodiversity area.
- ***Deficient services rendered by the PMC:*** Obstruction/ interruption in the execution of work mid-way on account of territorial jurisdiction dispute/ site-clearance issue was indicative of the fact that DPR had been prepared by the PMC without taking into consideration the actual site-condition. As such, the DPR prepared for the project was defective on account of deficient services rendered by the PMC.
- ***Infructuous expenditure:*** The TTDCL could not resolve above stated issues and the work was not started at these three sites (October 2023). The future of these incomplete works (expenditure: ₹ 0.43 crore) remains uncertain and the expenditure of ₹ 0.43 crore became infructuous.

The status of the project during joint inspection is depicted in **Photographs 4.2.7 and 4.2.8.**

¹⁵¹ Details given in **Appendix 4.2.3** (Sl. No. 9)



Photograph 4.2.7: The Integrated Complex at Phuldungsei lying abandoned



Photograph 4.2.8: The viewpoint at the highest peak lying abandoned

In reply, the Government stated (April 2024) that the construction of different components like integrated complex building, welcome gate, retaining wall, pathway, photo viewpoint, *etc.* had been taken up. But the Forest Department had raised objection (October 2022) since the site of the project fell within the biodiversity heritage sites and the Government dropped the project. It added that the abandoned project would be handed over to the Tripura Nature Trails and Resorts Limited¹⁵².

The reply is not acceptable since both the State Government as well as the PMC, while conceiving the project, failed to take into consideration the site clearance as well as the territorial jurisdiction issues with the neighbouring State.

Thus, the failure on the part of the Government to do so resulted in the dropping of the project and thereby rendering the expenditure of ₹ 0.43 crore infructuous.

3. Chottakhola Project, South Tripura District

The “Construction and development of tourism infrastructure at Chottakhola, South Tripura district, Tripura” project comprising the various components¹⁵³ namely (a) gazebo both for park and picnic Spot, (b) outdoor sitting (c) solar illumination, (d) public conveniences, *etc.* was sanctioned (August 2018) by the MoT for ₹ 5.65 crore. The TTDCL issued (August 2020) the work order to the contractor at a contract value of ₹ 5.80 crore (18 *per cent* above the estimated cost) with a scheduled time completion period of 15 months from the date of issue of work order *i.e.* by 14 November 2021.

Audit observed that:

- ***Inordinate delay of 11 months in submission of estimates and deviation for execution of extra item:*** The Forest Department directed (September 2021) the TTDCL to execute the work using local eco-friendly material instead of any concrete structure. After 11 months from the date of issue of directives by the Forest Department, the TTDCL submitted the tentative extra item statement of

¹⁵² A newly established PSU under Forest Department, Government of Tripura entrusted with the responsibility of the development of Eco-Tourism in the State with the involvement of the local people

¹⁵³ Details given in **Appendix 4.2.3** (Sl. No. 3)

₹ 1.01 crore for the construction of the project components viz. (a) 10 gazebos, (b) three public conveniences and (c) three angling platform outdoor sitting with Shelter, etc. with the eco-friendly materials to its PMC for approval. The said deviation for extra item valuing ₹ 1.01 crore was approved by the PMC and subsequently by the TTDCL and the State Government in March 2023.

- ***Delay in completion of the project/ non-commencement of the project component work:*** The overall physical progress of the project stood at 77.66 per cent (August 2023) whereas the two project components namely (a) solar illumination and (b) solar powered boats (five numbers) with sanctioned costs of ₹ 0.87 crore were not executed. The total payment made to the contractor stood at ₹ 3.17 crore (October 2023).

The inordinate delay in completion of the project by 32 months (October 2023) was attributable to (a) 12 months' Covid-19 pandemic period, (b) delay of nine¹⁵⁴ months in completion of the work by the contractor, and (c) delay of over 10 months in approval of the estimates for extra items by both TTDCL and PMC which was necessitated on account of use of eco-friendly materials in lieu of RCC constructions.

The Government, on the issue of non-commencement of the 'solar illumination' and 'solar power boats' works of the said project, stated (March 2024) during the Exit Conference, that the solar illumination work had been completed. Solar power boat work could not be taken up because the area was surrounded by the trees and pebbles. It further stated that the project had been conceptualised in consultation with the Forest Department. However, the Forest Department later directed for use of eco-friendly material in place of RCC constructions. The Government informed (April 2024) that penalty for delay in completion of work would be imposed as per terms and conditions of the agreement.

The reply is not acceptable as the Government, due to consideration of the ambitious and unviable project components such as solar power boat, had to drop the said project component which were planned for increasing the tourists' inflow. This was indicative of poor feasibility studies by both the PMC and the Department as it was found that the area was surrounded by the trees and pebbles.

4. *Avangcherra project, South Tripura District*

The "Construction and development of tourism infrastructure at Avangcherra, South Tripura District" project comprising of 16 various tourists' facilities¹⁵⁵/ components was sanctioned (August 2018) by the MoT for ₹ 8.60 crore. The TTDCL issued (July 2020) the work order to contractor at a contract value of ₹ 7.40 crore (4.45 per cent above the estimated cost) with a scheduled time completion period of 18 months from the date of issue of work order i.e. by 30 January 2022.

¹⁵⁴ Reckoned from the date of 1 September 2021, the said being the restoration of normalcy post second phase of Covid-19 pandemic

¹⁵⁵ Details given in **Appendix 4.2.3** (Sl. No. 4)

Audit observed that:

- **Insignificant physical progress:** the overall physical progress of the project (August 2023) was 45.02 *per cent* with the insignificant progress in respect of six¹⁵⁶ (**Appendix 4.2.3**) project components with the sanctioned costs of ₹ 4.97 crore. The total payment to the contractor was ₹ 2.17 crore (October 2023).
- **Inordinate delay/ Non-completion of the project:** As against the stipulated period of 30 months as envisaged in the sanction letter of MoT, the project remained incomplete (October 2023) even after 32 months from the date of issue of SDS sanction letter. The delay was attributable to (a) taking seven months for selection of the second PMC¹⁵⁷ for preparation of the concept plan, DPR, estimates, *etc.* afresh for the project, (c) delay of over 12 months by the TTDCL in providing the drawings for all the project components to the contractor, (d) delay of over six months by the TTDCL in framing the design, estimates, *etc.* for constructions using eco-friendly materials in lieu of RCC constructions, (e) delay of 13¹⁵⁸ months on account of Covid-19 pandemic.

The status of the project during the joint inspection is depicted in **Photographs 4.2.9** and **4.2.10**.



Photograph 4.2.9: The incomplete crossover bridge lying at Avangcherra Eco-Park



Photograph 4.2.10: The incomplete Tourist Facilitation Centre at Avangcherra Eco-Park

The Government replied (March 2024) that the ‘aerial forest walkway’ component had been completed and the cross over bridge component was nearing completion. The Government stated (April 2024) that penalty for delay in completion of work would be imposed as per terms and conditions of the agreement.

The fact remains that remaining five identified components of the project valuing ₹ 2.07 crore remained incomplete even after two years from the scheduled completion date as per the work order issued to the contractor.

¹⁵⁶ Details given in **Appendix 4.2.3** (Sl. No. 5)

¹⁵⁷ M/s Engineers Project (India) Limited (EPIL)

¹⁵⁸ The period of 13 months being reckoned from August 2020 to August 2021

5. *Boxanagar project, Sepahijala District*

The “Construction and development of tourism infrastructure at Boxanagar¹⁵⁹, Sepahijala District” project comprising of 12 various tourists’ facilities¹⁶⁰/ components was sanctioned by the MoT (August 2018) for ₹ 5.57 crore. The provisions of Section 20B of the Ancient Monuments and Archaeological Sites and Remains (AMASR) Act, 1958 (as amended in 2010), states that every area beginning at the limit of the prohibited area in respect of every ancient monument of national importance under Sections 3 and 4 of the Act *ibid* and extending to a distance of 200 meters in all directions shall be the regulated area in respect of every ancient monument and archaeological site and remains.

The work for the construction work was awarded (November 2020) to the contractor at an agreement cost of ₹ 3.97 crore (7.98 *per cent* above the estimated cost) with the scheduled time completion period being 12 months i.e. 26.11.2021.

Audit observed that:

- ***Deficient Planning on the part the State Government and the PMC:*** Both the State Government and the PMC failed to take into consideration, the necessity of obtaining the site-clearances prior to conceiving the project and framing the DPR for the project. As such, the DPR so framed by the PMC was defective since the same was not based on the actual site-survey.
- ***Non-compliance with the statutory provisions of AMASR Act, 1958:*** The Archaeological Survey of India (ASI)’s permission was not obtained prior to commencement of the execution work. Further the site for construction was within 200 metres of the ASI site. As such, ASI, Udaipur Sub-circle, Tripura office requested (May 2023) the TTDCL to stop the ongoing unauthorised constructions (ground floor of the Tourist Interpretation Centre (TIC)) in violation of the provisions of AMASR Act, 1958. Thus, not complying the provisions of AMASR Act, 1958 and non- obtaining the statutory clearances resulted in suspension of the construction work midway. This rendered the expenditure of ₹ 0.57 crore infructuous.

The status of the project during joint inspection is depicted in **Photographs 4.2.11** and **4.2.12**.

¹⁵⁹ Boxanagar is situated 40 km. from the city of Agartala in the north-western part of Sonamura sub-division on the edge of the border with Bangladesh. Boxanagar has tremendous tourist potential in the sense that the recent excavations during the period 2001-2004 led to the discovery of a massive brick-built ancient Buddha Stupa, a chaitya griha and a monastery. This discovery reflects the art, architecture, and religious aspects of ancient Tripura.

¹⁶⁰ Details given in **Appendix 4.2.3** (Sl. No. 6)



Photograph 4.2.11: Ancient Remains of Buddha Stupa at Boxanagar



Photograph 4.2.12: Construction-works at Boxanagar Site lying suspended since May 2023

The Government replied (April 2024) that the construction of different components like TIC building¹⁶¹, ticket counter, retaining wall, culvert had been taken up. But the ASI raised objections since the project site fell within 200 meters. It further stated that the State Government had taken a strong view of the objections raised by the ASI officials in a meeting held in August 2023 under the chairmanship of the Hon'ble Minister, Tourism Department in the presence of the representatives of the ASI.

The reply is not acceptable since both the State Government as well as the PMC failed to take into considerations the statutory provisions of the law of the land and the necessity of obtaining the requisite site clearances from the appropriate authority.

6. *Creation of tourist infrastructure facilities in ASI protected areas.*

The creation of the two tourist infrastructure facilities in ASI protected areas namely the “Conservation and development works in ASI protected areas in Unakoti” project comprising 16 various tourists’ facilities/ components and (b) “Conservation and development works in ASI protected areas in Tripura at Gunabati Temple, Bhubaneshwari Temple, Mahadeb Bari and Pilak Site – 02” project comprising 17 various tourists’ facilities/ components was sanctioned (August 2018) by the MoT respectively for ₹ 7.86 crore {revised (July 2022) to ₹ 4.61 crore} and for ₹ 3.68 crore {revised (July 2022) to ₹ 1.65 crore} respectively.

Scrutiny of the records revealed that:

- The TTDCL, in respect of the ASI Project at Unakoti, awarded (November 2022) the work to the contractor at a contract cost of ₹ 4.13 crore (15.89 *per cent* above the estimated cost) with the scheduled time of completion being 12 months *i.e.* by 22 November 2023.
- The TTDCL, in respect of other project in ASI protected areas in Tripura at Gunabati Temple, Bhubaneshwari Temple, Mahadeb Bari and Pilak Site– 02, awarded (November 2022) the work to the contractor at a contract value of

¹⁶¹ The TIC is a single-story building which is to be constructed for giving refreshment to the tourists who visits in the ancient Remains at Boxanagar.

₹ 2.44 crore (18.50 *per cent* above the estimated cost) with a completion period of 12 months *i.e.* by 27 November 2023.

Audit observed that:

- ***Non-compliance with the statutory provisions:*** The execution work in respect of the aforementioned two projects, except for the creation of Wayside Amenities at Manu in respect of ASI project at Unakoti, could not be commenced for want of statutory clearances under the Forest Conservation Act, 1980 and Biodiversity Act, 2002 since the sites for creation of the proposed tourists' facilities fell within the Biodiversity Heritage Sites (BHS). The TTDCL, as such, failed to obtain the requisite site clearances and/ or NOC from the Forest Department.
- ***Deficient Planning and deficient services rendered by the PMC:*** Both the State Government as well as the PMC failed to take into consideration the necessity of obtaining the statutory clearances while conceiving the project and framing the DPR respectively for the said project. The DPR, as such, prepared by the PMC was defective since the same was not based on the actual site-survey.
- ***Unauthorised change in the scope of the work and the resultant deviation from the contract:*** In respect of creation of only one component of wayside amenities at Manu in respect of ASI project at Unakoti valuing ₹ 1.48 crore, the State Government, without seeking the permission of the MoT changed (May 2023) the scope of the agreement by ₹ 0.38 crore (being 25.60 *per cent* of the project component cost) for the purpose of creation of another floor for accommodating tourist, separate kitchen and retaining wall.

Audit further observed that:

- The MoT issued (April 2023) a directive for dropping the project in case of non-receipt of the NOC by the State Government for construction in ASI protected areas, by April 2023.
- The State Government, eventually, approved (July 2023) shifting of six project components of the project in ASI areas at Unakoti valuing ₹ 2.85 crore to an alternative place at Sonamukhi where suitable land was available.
- The State Government requested (June 2023) the MoT for sanction for implementation of the project components sanctioned for the Bhuvaneswari Temple namely parking, outdoor sitting and two public conveniences to another destination namely Bandaur (Udaipur).
- The approval of the MoT for shifting the project components sanctioned for the two projects in the ASI areas to Sonamukhi and Bandaur was not received (October 2023).

The Government replied (April 2024) that initially ASI was the implementing agency for Unakoti project, but it failed to float tender due to mismatch of Swadesh Darshan Scheme and ASI guidelines. After that, in July 2022 the whole project was handed

over to the Tourism Department. As the site fell within the forest land, the Forest Department did not issue the NOC to TTDCL. As such, the project components of the aforementioned two projects in the ASI protected areas were shifted to nearby Sonamukhi and Bandaaur sites with due intimation to the MoT in July 2023.

The reply is not acceptable since the State Government, while conceiving the project, failed to take into consideration the statutory provisions of the law of the land and the necessity of obtaining the requisite site clearances/ NOC from the appropriate authority.

Thus, deficient planning at the feasibility study stage itself by both the PMC as well as the Department resulted in shifting the project components to another sites and the consequent non-completion of the project October 2023).

4.2.6.2 (iii) Creation of log-huts across the State

The State Government, with a view to promote eco-tourism conceived (2016) construction of 54 log-huts at different tourist destinations in Tripura. The MoT sanctioned the creation of 54 log-huts for ₹ 22.80 crore which was revised (August 2020) to 42 log-huts with the revised sanctioned cost of ₹ 17.83 crore. These log-huts were to be created at (a) Sepahijala (10), (b) Tepania (3), (c) Narikel Kunja (16), (d) Baramura (10) and (e) Ambassa tourist destinations (03).

4.2.6.2(iii)(a) Idle/ Infructuous expenditure of ₹ 2.33 crore¹⁶²

The construction of 18 log-huts was entrusted (September 2016-November 2016) to the State Forest Department. The Forest Department submitted (July 2016) an estimate of ₹ 18.19 lakh for each log-hut with the scheduled period of completion of two months and the same was approved by the TTDCL in September 2016.

(i) Model log-hut at Khumulwng Eco Park: Of the 18 log-huts, the creation of one model log-hut at Khumulwng Eco Park was later entrusted (November 2016) to the Tripura Tribal Areas Autonomous District Council (TTAADC). The TTAADC commenced (June 2017) the work with a delay of over seven months and completed (November 2019) with a delay of over 30 months for ₹ 18.19 lakh.

During joint physical inspection with the officials of TTAADC and TTDCL, it appeared that the log-hut had not been utilised since its creation. It was observed that the log hut was in an uninhabitable condition. Further, the flooring was found to be defective, and all the furniture therein was missing. Thus, non-utilisation of the log-hut for over four years led to wasteful expenditure of ₹ 18.19 lakh.

¹⁶² **Infructuous expenditure** (Khumulwng = ₹ 18.19 lakh *plus* Baramura = ₹ 106.07 lakh *plus* Dinning Hall cum Kitchen= ₹ 14.11 lakh) *plus* **Idle Expenditure** (Hatipara= ₹ 32.35 lakh *plus* Ambassa= ₹ 62.03 lakh)



Photograph 4.2.13: The model log-hut at Khumulwng Eco Park lying unused for over four years

ii. Model log-hut at Salbagan, Hatipara

One model log-hut developed by the Forest Department at Salbagan, Hatipara near Agartala for ₹ 32 lakh, was completed in January 2018 with a delay of 11 months and inaugurated with a delay of over nine months in October 2018.

Joint physical inspection with the officials of TTDCL (September 2023) revealed that the said model hut was not being used for tourism purposes and instead the same was being used by the Forest Department. All the furniture were shifted for personal use in the staff quarter and offices of the Forest Department. Thus, the log-hut created at an expense of ₹ 32 lakh was not utilised for the intended purpose of creating facility for the tourists.



Photograph 4.2.14: The model log-hut at Salbagan Eco Park not being put to use for tourism purpose over five years



Photograph 4.2.15: Furniture of log-hut being used in the staff quarter

iii. Log-huts at Ambassa Eco Park

As against the stipulated period of completion of two months, three log-huts at Ambassa Eco Park, Dhalai District, were completed (July 2018) by the Forest Department with a delay of over 20 months and cost-overrun of ₹ 7.48 lakh. Further, the log-huts were inaugurated with a delay of 33 months on 03 May 2021.

Joint physical inspection with the officials of TTDCL (September 2023) revealed that these log-huts, though in good habitable condition, were not being used for the

tourism purpose. The same were being used by the Forest Department as a rest house for over five years which led to idle expenditure of ₹ 62 lakh on construction of these log-huts.



Photograph 4.2.16: Log-huts at Ambassa Eco Park not being put to use for tourism purpose over five years

iv. Log-huts at Baramura Eco Park

As against the scheduled completion period of two months, five log-huts at Baramura Eco park, Khowai District, were completed (July 2018) for ₹ 1.06 crore with a delay of over 20 months and cost-overrun of ₹ 15 lakh. Further, these log-huts were inaugurated with a delay of 20 months on 8 February 2020.

Joint physical inspection with the officials of TTDCL (September 2023) revealed that of the five log-huts, three log-huts had been damaged significantly over the years owing to the termites and became unserviceable since November 2021. Further, two log-huts were unserviceable since July 2023. As such, all the five log-huts were lying in unserviceable condition (October 2023).

Further, dining hall cum kitchen constructed for ₹ 14.11 lakh (December 2018) had been damaged significantly over the period of two years for want of proper upkeep/maintenance. Thus, the entire expenditure of ₹ 1.20 crore on construction of log-huts and dining hall cum kitchen was infructuous.



Photograph 4.2.17: Log-huts at Baramura Eco Park lying unserviceable for over two years



Photograph 4.2.18: Dining hall cum kitchen at Baramura Eco Park lying damaged and unserviceable for over two years

The TTDCL accorded Administrative Approval (AA) and Expenditure Sanction (ES) (September -November 2016) to the Forest Department for operation and maintenance as well as revenue sharing of these 18 log-huts. Audit observed that the agreement was executed only for 13 log-huts at Sepahijala, Tepania and Baramura. The log-hut at Khumulwng Eco Park could not be utilised for any purpose due to uninhabitable condition and log-hut at Hatipara was found being utilised by the Forest Department.

Thus, out of 18 log-huts, five log-huts were not utilised for over four years, *i.e.*, since their creation, and five log-huts have become inhabitable. Audit further observed that the reasons for non-utilisation of the log-huts was attributable to (a) non-handing over/ taking over of the log-huts, (b) failure on the part of the TTDCL to enter into agreement with the Forest Department for ensuring the utilisation of the log-huts and (c) poor monitoring by the TTDCL to ensure optimum utilisation of the log-huts for the tourist purposes.

As such, expenditure of ₹ 1.38 crore¹⁶³ incurred on the log-huts, *etc.* was rendered infructuous with idle expenditure of ₹ 0.94 crore¹⁶⁴. This also included an excess expenditure of ₹ 0.51 crore¹⁶⁵ in creation of 18 log-huts due to the delays in the construction of the same.

The Government replied (April 2024) that all the log-huts situated at Khumulwng, Ambassa, Hatipara, Baramura, Tepania and Sepahijala would be formally handed over to the Forest Department and these log huts would be operated and managed by the Forest Department through Tripura Nature Trails and Resorts Limited.

The reply is not acceptable since 10 out of 16 log-huts created by the Forest Department were found being used by Forest Department itself. As such, 10 log-huts

¹⁶³ **Infructuous Expenditure** (Khumulwng = ₹ 18.19 lakh, Baramura = ₹ 106.07 lakh and Dining Hall cum Kitchen= ₹ 14.11 lakh)

¹⁶⁴ **Idle Expenditure** (Hatipara=₹ 32.35 lakh and Ambassa=₹ 62.03 lakh)

¹⁶⁵ ₹ 51.46 lakh = Salbagan = ₹ 14.16 lakh *plus* Ambassa = ₹ 7.48 lakh *plus* Baramura = ₹ 15.14 lakh *plus* Tepania = ₹ 5.51 lakh *plus* Sepahijala = ₹ 9.17 lakh

were not being used for the tourists' purpose for which the Government did not take any appropriate steps.

4.2.6.2(iii)(b) Unauthorised expenditure

The TTDCL floated (June 2020) a tender for the “Manufacture, Supply, Erection, and Commissioning of 33 log-huts including electrical, sanitary and plumbing and supporting infrastructure at various tourist destinations”. It was noticed that the revised sanction for 42 log-huts was issued in August 2020 {discussed in Paragraph 4.2.6.2(iii) (a)}. However, the TTDCL without modifying the scope of the sanction went ahead with the tender procedure and issued (December 2020) the work order. Thus, it exceeded the sanction limit by nine log-huts, for which no approval was obtained from the MoT.

The work order was issued (December 2020) at a contract value of ₹ 8.20 crore (35.80 *per cent* below the estimated cost put to tender) with the scheduled completion period of six months *i.e.* by 15 June 2021. The contractor completed 15 log-huts at Narikel Kunja with a delay of 17¹⁶⁶ months and handed over the same on 17 November 2022 against the stipulated date of completion on 15 June 2021. Audit observed that eight log-huts at Narikel Kunja and 10 log-huts at Chabimura remained incomplete even after delay of 29 months (October 2023). The contractor was paid ₹ 7.40 crore (October 2023).

Further, the PMC did not prepare even the plans properly. As such, it required revision within one month from the date of issue of work order in January 2021. This resulted in deviations from the scope of the agreement for ₹ 1.90 crore. The deviation being 23.21 *per cent* of the contract value required prior/ post-facto sanction of the MoT. The TTDCL did not obtain approval for this deviation.

Thus, creation of the extra nine log-huts as well as the deviations resulted in unauthorised expenditure of ₹ 4.13 crore¹⁶⁷.

The Government replied (April 2024) that during the execution of log huts it had been observed that total floor area must be increased from 42.34 sqm. to 47.25 sqm. Accordingly, a revised drawing and deviation statement for ₹ 1.90 crore had been prepared and got approved by the State Government.

The reply of the Government is not acceptable since the DPR so prepared by the PMC was not based on the actual site-condition and thus necessitated recasting of estimates and the resultant deviations. Failure on the part of the PMC to do so resulted in said deviation for ₹ 1.90 crore. Besides, the Government's reply was silent on the propriety for creation of nine log-huts in excess of the sanctioned quantities.

¹⁶⁶ Inclusive of delay of nine months being solely attributable to the second phase Covid-19 pandemic turmoil during the period from December 2020 to August 2021.

¹⁶⁷ ₹ 4.13 crore = the unit cost of ₹ 24.84 lakh for creation of one log-hut under the contract X nine log-huts *plus* deviations aggregating to ₹ 1.90 crore.

4.2.6.2(iii)(c) Operation of the log-huts

(i) Operation of the log-huts at Narikel Kunja

Joint physical inspection with the officials of TTDCL (September 2023) in respect of the operation of 23 log-huts revealed that:

- **Deficient lease agreement:** SDS Sanction letter stipulates that the TTDCL shall not rent/ lease or transfer property without the permission of the MoT.

The operation of 15 log-huts at Narikel Kunja tourist destination, in violation of SDS Sanction letter, was leased out (October 2022) to an agency without obtaining the sanction of the MoT at a lease rental revenue of ₹ 0.45 crore per annum. The average occupancy rate of the 15 log-huts from January 2023 to August 2023 was only 30.25 per cent. The agency had adopted dynamic tariff rate for the log-huts. The base tariff rate being exhibited on-line was in the range of ₹ 3,570 to ₹ 4,552 and the agency had charged tariff as high as ₹ 7,039 in the peak season. The dynamic tariff was steep when compared to the tariff rate of ₹ 2,240 for the log-huts of the same designs, specifications and amenities being operated by the TTDCL itself. Even such high tariff rate was exclusive of the additional tariff of ₹ 1,000 each for accommodating children below 12 years. Further, as the tariff did not include boarding and no other facilities being available, it may be difficult to promote Narikel Kunja as an attractive tourist destination.





Photograph 4.2.19: The State-of-the-art log-huts adding beauty to the panoramic Narikel Kunja tourist destination

Further, eight log-huts were nearing their completion and not handed over (October 2023) to the TTDCL by the Contractor.

The Government stated (April 2024) that the log-huts of Narikel Kunja were leased out to the private agency and there is no scope laid down in the agreement for controlling the room tariff by the TTDCL. The reply of the Government is not acceptable since the Government, while protecting its own financial interest, failed to safeguard the interest of the tourists' interests as envisaged under the SDS.

(ii) *Operation of the log-huts at Chabimura tourist destination*

Joint physical inspection with the officials of TTDCL (September 2023) of 10 log-huts at the Chabimura tourist destination (involving the expenditure of ₹ 2.48 crore) revealed that the log-huts were being developed without site development and proper approach road leading thereto were not need-based and as such seemed to be on the higher sides due to the remoteness of the said area and the absence of basic amenities like health-care facilities, eateries, *etc.*

	
<p>Photograph 4.2.20: The unbuilt muddy approach road leading to log-huts at Chabimura</p>	<p>Photograph 4.2.21: Log- hut being developed amidst wild grasses and jungles at Chabimura</p>

The Government replied (April 2024) that tender process for leasing out the log huts at Chabimura had been started. The lessee would arrange food facilities and other itineraries for the guests/ tourists. It further stated that regarding the security issues of Log-Huts at Chabimura, the Superintendent of Police, Gomati District had been requested to set up a police outpost.

The reply of the Government is not acceptable due to (a) lack of tourist potential for overnight stay at the Chabimura tourist destination, (b) the remoteness of the area as well as (c) non-availability of the basic facilities like eateries, health-care facilities, security, *etc.* the creation of 10 log-huts at Chabimura appeared to be on the higher side.

4.2.6.2(iv) Procurement under SDS/ Adventure Tourism theme

The MoT sanctioned ₹ 10.31 crore (December 2015) for procurement of various items, *viz.* Battery Operated Vehicles (BOVs), paddle boats, Fibre Reinforced Plastic (FRP) boats, speed motor boats, water scooter/ jet-skies, *etc.* under the “Adventure Tourism” theme. The sanctioned cost was later revised (August 2020) to ₹ 5.07 crore. Audit observed that as against the sanctioned cost of ₹ 5.07 crore, the TTDCL procured 33 items valuing ₹ 5.22 crore as detailed in **Table 4.2.3**.

Table 4.2.3: The details of procurement made in respect of Adventure Tourism/ Eco-Tourism under Swadesh Darshan Scheme

Sl. No.	Procurement description	Qty. (in No.)	Amount (₹)	Date of supply	Placed at destination initially
1.	Procurement of water scooters	1	25,60,488	12-12-2019	Dumboor
2.		1	25,60,488	16-01-2021	Dumboor
3.		4	99,34,989	26-04-2021	Narikel Kunja-01; Udaipur Nagar Panchayat-02; Ujjayanta Palace lake-01
4.	Procurement of 4-seater paddle boat	4	6,24,400	03-12-2019	Sepahijala lake
5.	Procurement of 10–12-seater rescue boats	2	42,05,556	17-03-2020	Chabimura and Narikel Kunja
6.	Procurement of 20-seater 40 HP speed boats	4	1,03,51,112	17-03-2020	Chabimura and Narikel Kunja
7.	Procurement of 20-seater 50 HP speed boats	6	1,58,87,400	17-03-2020	Chabimura and Narikel Kunja
8.	Procurement of battery-operated vehicles	11	60,96,490	07-07-2019	Ujjayanta palace-03; Akhaura Border-02; Khumulwng-03; Sepahijala -02; Durgabari-01
Total		33	5,22,20,923		

4.2.6.2(iv)(a) Infertuous expenditure**(i) Infertuous expenditure in respect of water scooters procured under the Adventure Tourism theme**

Out of the aforementioned 33 items procured under “Adventure Tourism” theme, the TTDCL, as against the sanctioned cost of ₹ 17 lakh, had procured (December 2019 to April 2021) six water scooters valuing ₹ 1.51 crore. The details of water-scooter lying idle/ unused at various tourist destinations are depicted in **Table 4.2.4**.

Table 4.2.4: The details of water scooter lying idle/ unused at various tourist destinations

Item procured	Qty. (in No.)	Lying idle for (as of October 2023)	Lying idle at	Remarks
Water scooter-six Nos. (Sanctioned cost ₹ 0.17 crore, Procurement cost ₹ 1.51 crore)	1	12 months	Jagannath Dighi, Udaipur	Out of six water scooters procured, only two were in working condition. As such, expenditure of ₹ 1.01 crore on procurement of the four water-scooters was rendered infertuous.
	1	16 months	Laxminarayan Dighi, Agartala	
	2	Over 12 months	Narikel Kunja	

The TTDCL had placed six water scooters at the disposal of individual/ *Samiti* (Society) at various¹⁶⁸ tourist destinations by entering into lease agreements for their day to day operation. Audit observed that lease rent of ₹ 0.02 crore was outstanding (October 2023) for the period from February 2022 to July 2023.

Joint physical inspection with the officials of TTDCL (September 2023) revealed that two jet-skies/ water scooters were lying unutilised at Narikel Kunja (**Photograph 4.2.24**) for want of necessary repair and maintenance by the TTDCL. The water scooters at Jagannath Dighi and Laxminarayan Dighi were kept in a packed condition.

		
<p>Photograph 4.2.22: Jet-skie lying unutilised at Jagannath Dighi, Udaipur</p>	<p>Photograph 4.2.23: Jet-skie lying unutilised at Laxminarayan Dighi, Agartala</p>	<p>Photograph 4.2.24: Jet-skies, with tyres submerged in water, lying unutilised at Narikel Kunja</p>

(ii) Infertuous expenditure in respect of motor boats procured under the Adventure Tourism theme

The TTDCL, as against the sanctioned cost of ₹ 3.64 crore, had procured (March 2020) 12 motor boats valuing ₹ 3.04 crore under the Adventure Tourism theme. The details of motor boats lying idle/ unused at various tourist destinations are depicted in **Table 4.2.5**.

¹⁶⁸ Narikel Kunja, Jagannath Dighi at Udaipur and Laxminarayan Dighi at Agartala

Table 4.2.5: The details of motor boats lying idle/ unused at various tourist destinations

Item procured	Qty. (in No.)	Description of idle item (in No.)	Lying idle for (as of October 2023)	Lying idle at	Remarks
10–12-seater fast rescue boats, 20-seater 40 HP speed motor boats, 20-seater 50 HP speed motor boats	02	Two Nos. 40 HP	24 months	Maharani Barrage	Out of 12 motor boats only two were in working condition. Due to improper upkeep/ maintenance of the assets, the expenditure of ₹ 2.52 crore for procurement of the 10 speed motor boats was rendered infructuous.
	02	One No. 50 HP	Over 10 months	Narikel Kunja	
		One No. 40 HP	Over 10 months		
	06	Four Nos. 50 HP	Over 15 months	Chabimura	
		Two Nos. Rescue Boat	Over 15 months		

The TTDCL placed all the 12 speed motor boats at the disposal of individual/ *Samiti* (Society) at various¹⁶⁹ tourist destinations by entering into lease agreements for their day to day operation. Audit observed that lease rent of ₹ 0.06 crore was outstanding (October 2023) for the period from February 2021 to July 2023.

Joint physical inspection with the officials of TTDCL (September 2023) revealed that:

- Two of the 20-seater speed motor boats were lying unused/ idle at Maharani Barrage, Gomati District since December 2021 (**Photograph 4.2.25**). The reason for non-utilisation was attributed to the dearth of tourists, which implies that the speed boats were placed without doing any survey for their use. Further, prolonged non-use will render the expenditure on these motor boats infructuous.
- Two 20 seater speed motor boats were damaged at the Narikel Kunja for more than 10 months (October 2023) and lying unutilised/ idle due to maintenance issues (**Photograph 4.2.26**).
- Four speed motor boats and two rescue speed motor boats were damaged and lying unutilised/ idle (October 2023) at Chabimura due to maintenance issues pending for more than 15 months (**Photograph 4.2.27**).

¹⁶⁹ Narikel Kunja, Jagannath Dighi at Udaipur and Laxminarayan Dighi at Agartala

		
Photograph 4.2.25: 20-seater 40 HP speed boats lying idle at Maharani Barrage	Photograph 4.2.26: 50 HP 20-seater speed boat lying damaged at Narikel Kunja Tourist Destination	Photograph 4.2.27: 50 HP boats and Rescue boats lying damaged at Chabimura Tourist Destination

Thus, out of 12 motor boats, 10 motor boats placed at the tourist destinations were lying unutilised. Further, the TTDCL also did not have any plan for the regular up-keep/ maintenance of these assets for ensuring their smooth operation.

(iii) *Infructuous expenditure in respect of battery operated vehicles procured under the Adventure Tourism theme*

As against the sanctioned cost of ₹ 1.38 crore, the TTDCL procured (July 2019) 11 Battery Operated Vehicles (BOVs) valuing ₹ 0.61 crore. The details of BOVs lying idle/ unused at various tourist destinations are depicted in **Table 4.2.6**.

Table 4.2.6: The details of BOVs lying idle/ unused at various tourist destinations

Item procured	Quantity (in No.)	Lying idle for (as of October 2023)	Lying idle at	Remarks
BOVs	03	Over 48 months	Ujjayanta Palace, Agartala	Out of 11 BOVs, only two were in working condition. Thus, failure of the TTDCL in ensuring the regular utilisation of the procured BOVs, rendered the expenditure of ₹ 0.50 crore on procurement of the BOVs, infructuous.
	01		Akhaura Border (ICP), Agartala	
	02		Khumulwng Eco Park	
	02		Sepahijala wildlife Sanctuary	
	01		Durgabari Tea garden	

Audit observed that the BOVs procured by the TTDCL were not need-based. The TTDCL, post procurement of BOVs, had requested (October 2019) various Government agencies for utilisation of these assets. However, none of the

Government agencies responded to TTDCL's request for taking over these BOVs. As such, the TTDCL did not have a plan for utilisation of the procured BOVs. Finally, the TTDCL placed them at various tourist destinations without entering into any operation and maintenance (O&M) contract and/ or lease agreement with the State agency. Besides, absence of the O&M contract also deprived the TTDCL of the opportunity of ensuring the smooth operation of these assets.

During joint physical inspection with the officials of TTDCL (September 2023), it was noticed that out of the 11 BOVs procured for ₹ 0.61 crore, nine were not being put to use for the period ranging from one to three years and were lying idle for want of necessary repair/ renewal and maintenance (**Photographs 4.2.28 to 4.2.30**).

		
<p>Photograph 4.2.28: Two BOVs at Sepahijala destination lying in a condemnable state for over a year</p>	<p>Photograph 4.2.29: BOVs lying unused at Khumulwng destination for over two years</p>	<p>Photograph 4.2.30: BOVs lying idle at Ujjayanta Palace for over three years for want of necessary repairs/ renewals</p>

The Government replied (March 2024) that the BOVs could not be used for almost two years due to lockdown during the Covid-19 Pandemic and therefore, the batteries got discharged and had almost become unserviceable/ unusable. The Government further informed that the Department might consider outsourcing the operation of these BOVs to the outside agencies.

4.2.6.2(iv)(b) Idle expenditure

The TTDCL approved (May 2022) paragliding project in Jampui Hills-Tlaksih and paramotoring project in Chabimura/ Neermahal/ Dumboor lake and accordingly made a procurement *i.e.* paramotoring and paragliding of ₹ 0.57 crore¹⁷⁰ for adventure tourism from the other project fund. Further, for the purpose of augmenting/ strengthening adventure tourism in the State, the Alpine Wanderers Pvt. Ltd. proposed (May 2021) imparting of training for paragliding and paramotoring sports for ₹ 0.29 crore¹⁷¹.

¹⁷⁰ ₹ 57 lakh = ₹ 33.80 lakh for para motoring *plus* ₹ 23.20 lakh towards paragliding.

¹⁷¹ ₹ 29 lakh = ₹ 18.8 lakh towards imparting Training in paragliding *plus* ₹ 10.20 lakh towards imparting training in paramotoring.

The TTDCL decided that 50 *per cent* of the expenditure would be financed by TTDCL from SDS fund and the balance 50 *per cent* would be borne by the trainees.

Audit observed that:

- The TTDCL had released ₹ 0.21 crore during the period 2020-22 for the purpose of training to five local youths who completed their training during the period from January 2022 to February 2022.
- Paragliding project was inaugurated (September 2022) in Jampui Hills.
- Apart from imparting training to five local youths, the TTDCL did not create basic infrastructure like approach road, ticket counter, resting place, proper signage, *etc.* Further, considering the faraway location of the paragliding project, proper advertisement and awareness campaign was required for its successful continuance. In the absence of all these preparations, the project remained in operation for merely three months and only 25 tourists took part in paragliding adventure.
- Moreover, paramotoring at Chabimura and Neermahal was not commenced (October 2023) due to the non-finalisation of site.
- The five Pilots along with two Ground staff (Marshall) were being paid monthly remuneration since September 2022 from the TTDCL's own fund without performing any duty.

Thus, the entire expenditure of ₹ 78 lakh¹⁷² towards paragliding and paramotoring sports under the Adventure Tourism Theme was rendered wasteful.

The Government replied (March 2024) that the Government needs to make a conscious review of the project components such as paragliding and paramotoring sports since the same did not seem feasible on account of geographical location of the State as well as tourists' inflow in the State. It further stated that, the State Government, instead, needs to focus its attention on the development of basic tourist facilities in the State. The Government, however, informed (April 2024) that paragliding activity at Jampui Hills had resumed from January 2024.

The reply of the Government was, however, silent on the number of tourists utilising the paragliding activity to assess its commercial viability and its impact on increase of tourist's inflow.

4.2.6.2(v) Poor implementation of the Signage component and lack of publicity for the tourist destinations

Appropriate advertisement/ publicity and/ or signage systems are important to make travelling a seamless experience. For dissemination of information pertaining to the other tourist destinations falling on a tourist circuit to the tourists visiting a particular

¹⁷² ₹ 78 lakh = ₹ 11.82 lakh incurred towards training in para gliding sports *plus* ₹ 8.88 lakh incurred towards training in para motoring sports *plus* procurement of ₹ 57 lakh made from another project fund.

tourist place, distribution of leaflets/ brochures is a very convenient and yet economical mode of publicity.

Signage may broadly be classified into four categories as per their purpose: namely (a) information, (b) direction, (c) identification and (d) emergency. Accessible information through well-designed wayfinding and signage systems, under the aforementioned categories of signage, remains an area of immense concern and development.

The DPR prepared by the PMC provided for the “Installation of 1,481 Signage across various Tourist Destinations in the State” as detailed in **Table 4.2.7**.

Table 4.2.7: Details of the sanctioned cost and signages to be installed under the tourist circuits

(₹ in crore)

Name of the Circuit	Sanctioned cost	Revised sanctioned Cost	Number of Signage
Agartala Circuit	1.19 (December 2015)	1.11 (August 2020)	675
Unakoti Circuit	1.09 (August 2018)	1.01 (July 2022)	806

Scrutiny of the records revealed that:

- The TTDCL, since the inception of the SDS in the State, had not prepared any leaflets/ brochures for the advertisement or publicity of the tourist destinations falling on the two tourist circuits.
- The TTDCL had disbursed (February 2019) ₹ 0.25 crore¹⁷³ to the PWD and RDD. However, the said fund was lying unutilised (October 2023).
- The TTDCL, after an inordinate delay of 39 months¹⁷⁴, floated (July 2019) the first tender for installation of 675 Signages across various Tourist Destinations in Agartala Tourist Circuit.
- The details of the invitation of tenders in respect of signage project component under the tourist circuits, tendered value, expenditure incurred, numbers of signages installed, *etc.* are given in **Table 4.2.8**.

¹⁷³ ₹ 24.50 lakh = ₹ 24.20 lakh to the PWD and ₹ 0.30 lakh to RDD

¹⁷⁴ The period of 39 months being reckoned from March 2016 being the target date for finalisation of tender for the projects as per the SDS guidelines.

Table 4.2.8: Details of tender and expenditure incurred in respect of Signages installed under the tourist circuits*(₹ in crore)*

Name of the Circuit	Tender	Tendered value	Expenditure	Number of signage	Remarks
Agartala Circuit	1st (September 2019)	0.45	0.17	70	Cancelled on 25 February 2021 due to non-performance of obligations
Agartala Circuit	2nd (September 2021)	0.33	0.39	36	Payment for additional six Signage inclusive of ₹ 0.07 crore
Unakoti Circuit	3rd (August 2022)	0.29	0.29	25	Work was awarded (August 2022) to two L 1 bidder at contract value of ₹ 0.29 crore each.
		0.29	0.29 (Pending)	25	

Audit further observed that:

- **Deficient planning:** The TTDCL failed to plan for resorting to the advertisement/ publicity of the other tourist destinations falling on its tourist circuits by way of preparation and distribution of leaflets/ brochures detailing the importance/ salient features of tourist destinations and accessibility thereto.

The implementation of the signage project component delayed for over 39 months *ab initio* was also marred by deficient planning. The TTDCL failed to assess that the installation of signage across various destinations in the State required a lot of work involving considerable time for (a) concept and approval of design, (b) approval of the appropriate authority for installation at various locations, (c) preparation of signages and (d) their proper placement across the State.

- Failure on the part of the first contractor to perform his obligations for installing 675 signages across various tourist destinations in Agartala tourist Circuit was primarily attributable to the failure of the TTDCL to provide location and content of the signage in respect of 349 locations for over four months after the commencement of the work.
- **Poor monitoring:** The TTDCL also failed to effectively monitor the work of the respective contractors and mitigate delays in respect of the second and third tenders.
- **Non-utilisation of the SDS fund:** The details of the SDS fund in respect of the signage project component lying unutilised (October 2023) is enumerated in **Table 4.2.9**.

Table 4.2.9: Details of un-utilised funds in respect of Signage Project component*(₹ in crore)*

Name of the Circuit	Sanctioned cost	Revised sanctioned cost	Expenditure	Unutilised funds (October 2023)
Agartala Circuit	1.19 (December 2015)	1.11 (August 2020)	0.50	₹ 0.61 ¹⁷⁵
Unakoti Circuit	1.09 (August 2018)	1.01 (July 2022)	₹ 0.64	₹ 0.37 ¹⁷⁶

It can be seen that ₹ 98 lakh could not be utilised for over five years (October 2023) due to poor implementation of the signage project component.

Joint physical inspection with the officials of TTDCL (September 2023) further revealed that the signage installed by the contractor in respect of the first tender was informative (**Photograph 4.2.31**). The signage developed by the contractors in respect of the second and third tenders was not informative both in terms of the distance of the tourist destination from the point of signage and the availability of amenities like accommodation, food joints, health-care services, etc. (**Photograph 4.2.32**).



Photograph 4.2.31: The informative signage installed at Amarpur Tourist Lodge.



Photograph 4.2.32: The Signage installed in Jampui Hills depicting four pictures of Tourist Destinations without any further information in respect of the same.

The Government replied (April 2024) that on account of slow progress of the contractor in respect of the first contract for installation of 675 Signages was cancelled and accordingly second and third tenders were invited for speedy installation of Signages across the State. The contractors under the second and third

¹⁷⁵ ₹ 61.41 lakh = Fund of ₹ 111 lakh disbursed towards the signage component of Agartala Circuit – (₹ 16.92 lakh payment made to the contractor under the first tender + ₹ 32.67 lakh payment made to the contractor under the second tender)

¹⁷⁶ ₹ 37.01 lakh = ₹ 101 lakh being the sanctioned cost for signage component in respect of Unakoti Circuit *minus* (Agreement cost of ₹ 57.46 lakh for installation of 50 signages in Unakoti Circuit + Deviation of ₹ 6.53 lakh in respect of the second tender.

contract have completed their work. The Government further assured that in future signages constructed would be more informative.

The reply of the Government is not acceptable since the Signage Project Component work under SDS suffered significant time overrun on account of deficient planning by TTDCL to assess the installation of Signages across the state, failure to obtain necessary site clearances/ NOCs from the respective municipal corporations as well as inordinate delays in submission of the approved concept and design of signages to the Contractor in respect of the first contract.

Objective 3: There existed proper monitoring mechanisms for ensuring the achievement of the scheme objectives

4.2.6.3 Monitoring mechanism

To execute the projects economically and efficiently as well as to watch the physical and financial progress of the projects, effective monitoring is an essential pre-requisite. The following deficiencies were noticed in monitoring the implementation of tourism projects sanctioned by the MoT.

There were delays ranging from six months to 44 months in entrustment of the infrastructure creation projects to the implementing agencies (IAs) by the TTDCL. There were delays ranging from nine months to 36 months in completion of the Agartala Tourist Circuit and Unakoti Tourist Circuit projects against time frame stipulated in the respective agreements. There were cases of non-obtaining statutory clearances and non-compliances with the law of the land leading to the derailment of SDS projects. There were cases of inaccurate submission of UCs against the SDS fund.

The TTDCL, after placement of SDS fund with the IAs for execution of the SDS projects failed to supervise the execution work of the projects. The TTDCL failed to adhere to the provisions of GFR 2017, *etc.* thereby leading to irregularity in selection of PMC as well as non-refund of interest income on the SDS Fund. Assets procured under the Water Sports/ Adventure Tourism theme of the SDS were not put to use due to non-maintenance for the period ranging from six months to 15 months. Ten log-huts set up were not being utilised for the period ranging from two to five years.

4.2.6.4 Conclusion

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 increase in the footfall of tourists and creation of local employment 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 which led 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 IAs 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.
- Poor management of the SDS fund by the TTDCL resulted in underutilisation of funds and refund of ₹ 13.34 crore to the MoT.
- 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 expenditure of ₹ 9.64 crore.

4.2.6.5 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;*
- *mitigate the procedural delays in the entrustment of the execution work to the State Government Implementing Agencies (IAs) 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.*

