

OVERVIEW

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CHAPTER-I

INTRODUCTION

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

Out of 1,682 auditee units, 89 units were planned for audit during 2023-24. After carrying out risk assessment and keeping in view the available manpower, 41 units were actually audited during 2023-24 involving an expenditure of ₹ 3,522.72 crore.

This Report, *inter alia*, contains three Performance Audits titled “Mahatma Gandhi National Rural Employment Guarantee Act”, “Jal Jeevan Mission” and “Functioning of District Transport Offices” under the Rural Development, Public Works Department (Drinking Water and Sanitation) and the Transport Department respectively and two Subject Specific Compliance Audit titled “Collection of Stamp Duty and Registration Fees from Deed Registration” and “Department’s Oversight on GST Payments and Return Filing (Phase-II)” under Revenue and Finance (Excise and Taxation) Department and seven Compliance Audit Paragraphs.

CHAPTER-II

SOCIAL SECTOR

PERFORMANCE AUDIT

RURAL DEVELOPMENT DEPARTMENT

Performance Audit on “Mahatma Gandhi National Rural Employment Guarantee Act”

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was enacted in September 2005 and implemented in a phased manner between February 2006 and April 2008 in all the rural districts of the country. The Act aims at enhancement of livelihood security of the households in rural areas of the country, by providing at least 100 days of guaranteed wage employment in every financial year to every rural household whose adult members volunteer to do unskilled manual work. In addition, the Act also focuses on the creation of durable assets. Other objectives include protection of the environment, empowerment of rural women, reduction of rural urban migration, fostering social equity and strengthening rural governance through decentralisation and processes of transparency and accountability.

The institutional mechanism and structure intended for effective planning of the scheme ensuring stakeholder participation had been established in the State. However, instances of low attendance in the Gram Sabha meetings, as recorded in the Gram Sabha resolutions, cast doubt on the effective and large-scale involvement of villagers in the planning process at the grass roots level. The Department primarily focused on the annual planning activity. The Perspective Plan was neither prepared by the Gram Panchayat nor at the District level, as required under the guidelines.

Regarding the financing of the scheme, the State did not receive the full labour-budget from the Centre. As against the 661 lakh to 702 lakh person days (PD), the Ministry accorded sanction for only 325 lakh to 430 lakh PDs during 2019-24. The sanctioned labour budget fell short ranging from 47 *per cent* to 65 *per cent* of the State's demand during 2019-24. Additionally, the full quantum of funds, as per the sanctioned labour budget was not released by the Government of India in all the years except for 2020-21, when the release was marginally higher than the sanction. Release of lesser funds as against the sanctions, varied from two *per cent* to 24 *per cent* during the period from 2019-20 to 2023-24. There was no short release of the State's share and the State Government even released advance funds in some years, pending receipt of funds from the Central Government for smooth implementation of the Scheme in the State.

Furthermore, administrative funds to the tune of ₹ 11.87 crore were used for payment of damages and interest on delayed payment of EPF contributions, which was avoidable.

As of March 2024, job cards were issued to 6.80 lakh house holds in the State involving 12.20 lakh individuals. This represents about 33 *per cent* of the State's population, as per the 2011 Census data. Sampled GPs and VCs issued job cards within 15 days of receipt of application from the applicants as per the provision of the Act. However, verification of job card applications revealed that there were instances of overwriting on receipt date of application, receipt of application without any date, *etc.* which was presumably done to adhere to the 15 days' criterion for issue of job card from the date of receipt of application.

Regarding the receipt of work demands and allocation of works to the job card holders, the GPs and VCs called for application for works only on the receipt of allocation of PDs. This practice undermines the Act's objective, which guarantees job seekers the legal right to demand work at any time within their entitlement. Consequently, employment to the job seekers remained under the control of and was determined by the Government rather than being based on the actual demand from the job seekers.

Audit noticed that the works undertaken across the State during 2021-22 and earlier periods had been completed. The completion rate of the works taken up during 2022-23 and 2023-24 was 94.21 *per cent* and 98.32 *per cent*, respectively, across the State with the sampled districts achieving the rates between 92.62 *per cent* to 99.60 *per cent*. Although the numeric indicators reflected high achievement, the actual physical

verification of the sampled works revealed shortcomings in both the implementation and outcomes. During joint physical verification of the sampled works, deficiencies like non-existence/ thin density of plantation works, non-existence of village roads, roads in severely damaged conditions, and idle investment in infrastructure such as anganwadi centres, duck shelters and cattle shelters were also noticed.

Serious deficiencies were noticed in the sampled works regarding their execution viz. non-uploading of geo-tagged photographs at three stages; failure to upload work completion photographs; non-maintenance of essential records such as site accounts registers; nursery stock account and distribution cum sale records; work progress registers; site inspection registers; and non-handing over of the completed works to the concerned GPs and VCs were noticed in audit against the sampled works. It was seen that three stage photographs were not available in 73 cases out of the sampled 220 works which were verified in audit. In none of the cases, site-inspection registers were available while completion certificates and handing over certificates were not available in 86 cases out of the 220 sampled works in both the sampled districts.

All the deficiencies pointed towards serious lapses in oversight, execution and intended impact the Scheme.

Deficiencies in Social Audit were also noticed. Checklist for preparation of Inspection Report was not finalised by the Social Audit Unit (SAU), Tripura. Social Audit teams submitted Inspection Reports with incomplete sections which lacked authentication by the Inspecting Officer. Despite these deficiencies, the draft Inspection Reports were accepted by the State SAU and issued to the GPs/ VCs. During the audit period, Ombudsmen were not appointed simultaneously across all the eight districts of the State. Additionally, the State had not designated an Appellate Authority to respond and look into the appeals against the decisions, findings, and awards of the Ombudsmen which was a serious lacuna in ensuring accountability under the scheme.

Recommendations

- *Efforts may be made to ensure large scale involvement of villagers in the planning process by increasing awareness and encouraging active participation in Gram Sabha meetings.*
- *Initiatives may be taken for the preparation of Perspective Plans identifying the local needs and gaps at the district level in various sectors as envisaged in the MGNREGA guidelines.*
- *All statutory payments must be made promptly to avoid penalty and damages.*
- *The Department may ensure timely issue of job cards to the applicants and ensure proper monitoring at regular intervals.*
- *The Department may make efforts to get the person days sanctioned as per the annual entitlement of the job card holders.*
- *The Department may ensure that MGNREGA job card holders receive the legally mandated 100 days of guaranteed wage employment per financial year.*

- *Completion certificates and handing over of works may be ensured immediately after completion of the works.*
- *Uploading of geo tagged photographs for three stages of work may invariably be done in a timely manner to provide visual evidence of the project's progress.*
- *Deficiencies identified in the Social Audits conducted may be addressed promptly and Social Audit must be conducted scrupulously in accordance with the guidelines.*

Paragraph 2.2

PUBLIC WORKS (Drinking Water and Sanitation) DEPARTMENT

Performance Audit on “Jal Jeevan Mission”

Access to clean drinking water is a fundamental human need and one of the most vital elements for sustaining life. Its significance is evident from the fact that ancient civilisations flourished in river valleys, where fresh and plentiful water was readily available. Even in the oldest sacred scripture Rig Veda, water is celebrated as a source of great happiness and compared to nurturing, loving mothers.

Jal Jeevan Mission (JJM) is a flagship scheme launched by the Government of India on 15 August 2019. The objective of JJM is to ensure that every rural household has a Functional Household Tap Connection (FHTC) by 2024 to provide drinking water supply in adequate quantity (minimum 55 litres per capita per day (LPCD)) of prescribed quality (BIS:10500) on regular and long-term basis at affordable service delivery charges leading to improvement in living standards of rural communities.

As of March 2024, 79 *per cent* of rural households had been provided with FHTCs in the State against the target set at the inception of JJM. The shortfall in achievement was mainly due to delays in well sinking, abandonment of pilot holes, delays in supply of power connections to completed water supply schemes, as noticed in sampled districts. Despite the expansion of the piped water supply, population affected by water borne diseases in the State specially in gastroenteritis and enteric fever remained high during 2019-24. Further, there were also instances of quantitative as well as qualitative dis-satisfaction among the beneficiaries, with issues such as insufficient water supply and poor water quality.

There was poor involvement of rural communities for planning and implementation of in village water supply schemes. Further, District Water and Sanitation Mission (DWSM) remained inactive in sampled districts with respect to the planning, implementation and monitoring of water supply schemes in the districts. Implementation Support Agencies (ISAs) were first engaged in the State after lapse of almost three years since the inception of JJM, thereby affecting the mobilisation and capacity building efforts at the village level. There were also shortages of manpower and testing equipment in the State level laboratory as well as in the district and sub-division level laboratories in the sampled districts which contributed to shortfalls in

the prescribed water quality testing.

There were instances of underutilisation of available funds for support and Water Quality Monitoring System (WQMS) activities. Several water supply schemes remained incomplete and suffered from time over runs due to inadequate feasibility study, lack of effective co-ordination with the Tripura State Electricity Corporation Limited (TSECL)/ other agencies for timely energisation of water supply schemes and delays in taking prompt decisions by the Government. Against the targeted Water Quality Affected (WQA) households, coverage of only 11 *per cent* had been achieved under quality component during the last five years.

No plan was prepared for the assessment of ground level requirements and no action was taken for ensuring source sustainability or grey water management in the sampled districts. Further, financial sustainability also was not achieved due to the inaction of the VWSCs towards collection of community contributions for operation and maintenance of the water supply schemes. None of the in-village water supply schemes were handed over to the concerned village authorities in the sampled villages resulting in a lack of ownership by the rural community.

Recommendation

The Government may;

- ***give priority to provide FHTC coverage to all rural households through efficient and effective deployment of available resources;***
- ***emphasise on qualitative and quantitative improvement of supplied water;***
- ***consider conducting an impact study to evaluate how piped water supply influences rural livelihoods;***
- ***ensure active involvement of rural communities by assigning clear roles to village authorities in planning, implementation, operation and monitoring of JJM scheme;***
- ***ensure that the DWSSM develop a robust district level monitoring mechanism, including field visits, inspections and real time dashboard tracking; facilitates operation and maintenance frameworks that empower VWSCs to manage day to day operations;***
- ***focus on improving testing facilities by upgrading laboratory infrastructure and deploying manpower as per requirement;***
- ***adopt suitable system for sharing water test reports with the concerned village authorities on real time basis;***
- ***take effective and appropriate remedial measures towards timely completion of the water supply schemes and to ensure providing potable drinking water to every household;***
- ***develop effective plan after assessing the ground level requirement;***

- *implement source sustainability and grey water management measures to ensure that water supply schemes remain functional throughout their full design period;*
- *ensure financial sustainability of the water supply schemes by community contribution for their operation and maintenance.*

Paragraph 2.3

COMPLIANCE AUDIT PARAGRAPHS

EDUCATION (HIGHER) DEPARTMENT

Unfruitful expenditure

The indecisiveness of the Government and lack of coordination among the various departments in setting up of New Model Degree College resulted in unfruitful expenditure of ₹ 16.15 crore alongwith cost overrun of ₹ 22.08 crore. The construction work remained incomplete and the objective of the Government to meet the increasing demand for higher education was not achieved.

Paragraph 2.4

CHAPTER-III

ECONOMIC SECTOR

COMPLIANCE AUDIT PARAGRAPHS

PUBLIC WORKS (Roads and Building) DEPARTMENT

Wasteful expenditure

Construction of bridge (super structure) without any approved drawing and the consequent failure to ensure quality of appropriate steel materials used by the contractor resulted in the collapse of the super structure of the bridge with a wasteful expenditure of ₹ 2.13 crore on collapsed superstructure of the bridge and extra expenditure of ₹ 3.74 crore.

Paragraph 3.2

Unfruitful expenditure

The Department took up road work without ensuring the availability of funds in violation of the provisions of General Financial Rules and CPWD Works Manual. As a result, the expenditure of ₹ 57.94 lakh on the partially constructed road remained unfruitful.

Paragraph 3.3

CHAPTER-IV

ECONOMIC SECTOR (STATE PUBLIC SECTOR ENTERPRISES)

Functioning of Public Sector Enterprises

As on 31 March 2024, the State of Tripura had 18 Public Sector enterprises (PSEs) (17 working and one non-working). Out of 17 working PSEs, 16 are Government companies and one is Statutory Corporation.

The State Government's investment (₹ 2,054.84 crore) as on 31 March 2024 consisted of 83.97 per cent towards capital and 16.03 per cent in long-term loans as against the investment of ₹ 1,714.35 crore as on 31 March 2020 consisting of 87.96 per cent (₹ 1,508.00 crore) towards capital and 12.04 per cent (₹ 206.35 crore) in long-term loans.

Paragraphs 4.1.1 and 4.1.2

As per the information furnished by the PSEs, during 2023-24, the State Government provided budgetary support of ₹ 276.08 crore in the form of capital (₹ 63.08 crore), loans (₹ 100 crore) and grants/ subsidy (₹ 113.00 crore).

Paragraph 4.1.4

As per the latest finalised accounts of PSEs as on 30 September 2024, the aggregate paid-up capital and accumulated losses of 17 working PSEs were ₹ 1,677.16 crore and ₹ 1,863.59 crore respectively. Analysis of investment and accumulated losses of these PSEs revealed that the accumulated losses (net of free reserves) of five working PSEs (₹ 1,433.57 crore) had completely eroded their paid-up capital (₹ 846.00 crore).

Paragraph 4.1.9.2

COMPLIANCE AUDIT PARAGRAPHS

POWER DEPARTMENT

(Tripura State Electricity Corporation Limited)

Unfruitful expenditure

The Company's failure to complete the Smart Grid project with the attributes of Advanced Metering Infrastructure and Peak Load Management resulted in unfruitful expenditure of ₹ 42.74 crore on the incomplete project apart from the avoidable expenditure of ₹ 1.10 crore on the manual meter readings and billings in respect thereof.

Paragraph 4.2

Avoidable expenditure

Failure of the Company to obtain Environmental Clearance from the Ministry of Environment, Forest and Climate Change, Government of India in violation of the Environment Impact Assessment Notifications, 1994 and 2006 before commissioning

of the 3x21 MW units of Gas Based Thermal Power Station at Rokhia, resulted in avoidable expenditure of ₹ 15.64 crore.

Paragraph 4.3

CHAPTER-V

REVENUE SECTOR

General

During the year 2023-24, the revenue raised by the State Government was ₹ 3,707.93 crore which was 18.05 *per cent* of the total revenue receipts. The balance 81.92 *per cent* of the revenue receipts during 2023-24 was received from the GoI in the form of State share of Union Taxes and Duties and Grants-in-Aid. The collection of own revenue increased by ₹ 305.90 crore during 2023-24 as compared to previous year and the rate of growth of own revenue was 8.99 *per cent* in 2023-24 as compared to 17.70 *per cent* during 2022-23. Revenue receipts of the State increased by 12.17 *per cent* from ₹ 18,309.01 crore in 2022-23 to ₹ 20,538.02 crore in 2023-24.

Paragraph 5.1.1

Although the Revised Estimate (RE) targets were achieved in the years 2020-21 and 2021-22, the actual collection was less than the RE projections for the years 2022-23 and 2023-24. The State's GST collection steadily increased over the years from ₹ 1,056.01 crore in 2020-21 to ₹ 1,589.78 crore in 2023-24.

Paragraph 5.1.2 (i)

Arrears of revenue under key heads- Taxes/ VAT, GST, and Taxes and Duties on Electricity increased from ₹ 161.24 crore as on 31 March 2023 to ₹ 189.44 crore as on 31 March 2024, reflecting a 17.5 *per cent* rise. Notably, arrears pending for over five years also rose from ₹ 140.36 crore to ₹ 158.51 crore, indicating prolonged non-recovery.

Paragraph 5.1.3

In the last ten years, 21 paragraphs involving ₹ 52.11 crore featured in the Audit Reports, of which 19 paragraphs involving ₹ 46.25 crore were accepted by the State Government. Out of this, only ₹ 1.20 crore (2.59 *per cent*) was recovered.

Paragraph 5.1.6.2

PERFORMANCE AUDIT**TRANSPORT DEPARTMENT****Performance Audit on “Functioning of District Transport Offices”**

As per the Seventh Schedule of the Constitution of India, both the Centre and the States have jurisdiction over matters related to mechanically propelled vehicles, including the principles on which taxes on such vehicles are to be levied. Consequently, the Motor Vehicles Act, 1988 was enacted by the Parliament to regulate various aspects of road transport, such as the issuance of driver and conductor licenses, vehicle registration, granting of various types of permits, *etc.*

The Transport Department, Government of Tripura was established under the provisions of Section 213 of the Motor Vehicle Act, 1988. The Transport Department functions through Office of the Joint Transport Commissioner (JTC) in West Tripura District and other seven District Transport Officers (DTOs). Further, there is also one Check-post at Churaibari under DTP North Tripura.

The Department is primarily responsible for the following functions: (i) Registration of motor vehicles, (ii) Issue of driving licenses and conductor licenses, (iii) Issue of permits for goods and passenger vehicles, (iv) Collection of motor vehicle taxes, (v) Enforcement of Motor Vehicle Acts and Rules and (vi) Vehicular pollution control measures, *etc.*

The VAHAN and SARATHI applications were introduced by the Ministry of Road Transport and Highways (MoRTH), Government of India (GoI), to streamline and standardise vehicle registration and driving license services across the country. The Department undertook the computerisation of its functions by implementing VAHAN (vehicle registration) and SARATHI (driving licence issuance) software in 2004 with an objective to achieve faster, transparent and better monitoring of revenue generation. Audit observed systemic lapses in the issuance, renewal, and regulation of driving licences, dealership licences, and driving training schools in Tripura. Instances of issuance of licences to underage individuals and operation of unlicensed driving schools reflect a disregard for statutory provisions of the Motor Vehicles Act, 1988 and Central Motor Vehicle Rules, 1989.

Further, poor record-keeping, irregular licence validity periods, and non-compliance with educational and infrastructure requirements for driving schools highlight weak internal controls, inadequate monitoring, and a lack of regulatory enforcement. Government responses on audit observations either lacked evidentiary support or admitted to irregularities, further reinforcing the need for corrective institutional reforms.

The audit findings highlight several systematic deficiencies in Tripura’s transport sector. The absence of adequate controls to ensure the timely renewal of fitness certificates and permits for transport vehicles led to delays in the timely realisation of

potential revenue. Despite having the real time vehicle compliance data in VAHAN database, the Department did not utilise the system effectively to identify defaulters, track dues or generate demand notices.

The audit revealed significant systemic deficiencies in the regulation and control of transport vehicles in Tripura across critical areas such as fitness certification, tax collection, permit issuance, alteration fees, BH series taxation, and refunds. Despite the availability of comprehensive data through the VAHAN portal, the Transport Department failed to leverage this resource effectively for monitoring, enforcement, and compliance.

Key lapses included the absence of automated enforcement mechanisms, short realisation of government dues, non-implementation of statutory refunds, and overcharging due to incorrect software inputs. These shortcomings not only resulted in substantial revenue loss but also exposed the public to safety and regulatory risks. The Department's reliance on manual processes, lack of proactive monitoring, and poor coordination with software developers (NIC) reflect the need for urgent reforms to strengthen governance and accountability.

The Department failed to enforce the provisions stipulated in the agreement with the service provider that resulted in non-realisation of the Government's share from the issuance of smart cards.

Due to non-integration of revenue collection with the online Government Receipts Accounting System (e-GRAS), the revenue receipts were not directly credited into the Government account and were parked outside the Government account for a considerable period before remittance into the Government account.

The software system put in place for capturing data related to the vehicles passing through the check-gate was found to be unreliable, since it was being done manually, compromising both the security and integrity of the captured data.

Lacunae in enforcement activity as well as inadequate monitoring resulted in low turnout of mandatory Pollution Under Control (PUC) tests of the vehicles. Lack in applying provisions related to compounding fees as well as lack of monitoring to identify deficiency of enforcement activity resulted in penalising with improper fine amount, which undermined the intended purpose of the Act and Rules.

Due to setting up of targets without the required parameters, non-allocation of enforcement activities among the Motor Vehicle Inspectors, coupled with absence of proper documentation of enforcement activities, the efficiency and effectiveness of the enforcement activity remained unascertained.

Despite the Ministry of Road Transport and Highways (MoRTH's), Government of India's advisory mandating the establishment of PUC centres at fuel stations and the introduction of mobile test centres, the Department failed to authorise such centres and did not deploy mobile units as of November 2024, thus hampering the efforts to combat vehicular pollution and improve air quality. The absence of a comprehensive manual outlining the processes and procedures for staff at all levels was noticed. A

structured grievance redressal system was lacking. A significant shortfall in key enforcement staff especially Motor Vehicle Inspectors limited field operations and enforcement coverage.

Recommendation

- *The Department may create and maintain an updated, centralised database of vehicle dealers and motor training schools, capturing licence validity, renewal status, and compliance checks for effective oversight.*
- *The Department may ensure enforcement of act, rules and notifications uniformly across the State while issuing the driving licenses, trade licenses and licenses to operate driving schools.*
- *The Department may enforce mandatory document verification (age, vehicle class eligibility) at DTO level before final issuance of licences, supported by digital audit trails in SARATHI/ VAHAN.*
- *The Department should implement an automated monitoring system to track licensing violations in real time and action taking system to track violations, ensure follow-up action and initiate prompt corrective action.*
- *The Department may take immediate steps to recover the outstanding revenue from tax and fee defaulters. The Department may collaborate with NIC to implement automated systems in the VAHAN portal for identifying and issuing notices to defaulters of fitness, tax, permit, and alteration fee. This should include real-time alerts, penalty calculations, and follow-up enforcement scheduling to ensure timely recovery and regulatory compliance.*
- *The Department may institutionalise monthly reviews of VAHAN data at the DTO level for identification of defaulters.*
- *Steps may be taken to incorporate provisions in the VAHAN software for generating alerts and issuing notices to permit and fitness defaulters.*
- *The Department may immediately initiate arbitration or legal action to recover outstanding dues from the smart card service provider. Future contracts must include clearly defined penalty and enforcement clauses for default in payment to prevent revenue leakage.*
- *The Department may take steps to link all revenue collection with the e-GRAS software, so that revenue receipts are credited directly into the Government account without delay.*
- *The Department may put in place an effective monitoring system for collection and deposit of revenue.*
- *The Department may initiate transition from the manual data entry system at Churaibari Check gate to an advanced automated system such as Radio Frequency Identification to streamline revenue collection processes and enhance overall operational efficiency.*

- *The Department may increase the frequency and scope of enforcement actions to ensure compliance with PUC requirements.*
- *The Department may establish enforcement targets based on critical parameters to enhance effectiveness of enforcement activity*
- *Fines may be collected from the defaulters strictly as per the prescribed provisions of the relevant Act and Rules.*
- *The Department should immediately comply with the MoRTH's advisory and mandate PUC centres to achieve the objective of combating environmental pollution in the State. The Department may take steps to integrate its own Departmental Grievance Redressal System in VAHAN and SARATHI for the larger public interest.*
- *The Department may draft a detailed office/operational manual as a resource and guide for the employees and other stakeholders.*
- *The Department may take steps to immediately fill up the existing vacancies.*

Paragraph 5.2

REVENUE DEPARTMENT

Subject Specific Compliance Audit on “Collection of Stamp Duty and Registration Fees from Deed Registration”

To enhance the speed, transparency, and accountability of the registration process, the Government of Tripura launched the Tripura Online Registration System (TORS) in 2012. In March 2021, the State adopted the National Generic Document Registration System (NGDRS)- a standardised and customisable application developed for use by registration departments nationwide. Initially, NGDRS was implemented on a pilot basis in the Sub-Registrar Offices (SROs) of Jirania and Mohanpur in West Tripura District. Based on its performance, the system was rolled out to all SROs across the State in March 2022, replacing the TORS software entirely. For Computerised Stamp Duty Administration System (C-SDAS) and for collection of stamp duty through e-stamping mechanism in Tripura, the Stock Holding Corporation of India Limited (SHCIL) was selected as the Central Record Keeping Agency (CRA).

Despite the commendable increase in revenue collections over the five-year period from 2019–2024, the audit found critical gaps in governance, institutional oversight, and operational controls. The acute manpower shortage- 88 *per cent* vacancy in sanctioned posts severely hampered core registration functions, while deficiencies in the implementation of the NGDRS, such as the lack of biometric verification and PAN validation, undermined identity authentication and traceability in high-value transactions. The non-registration of lease deeds of banks and ATMs, incorrect

assessment of stamp duty, and failure to cancel refunded e-stamps resulted in substantial revenue losses. Furthermore, the audit noted a near-complete absence of internal audits, non-inspection of Authorised Collection Centres, inadequate staff training, and delayed or non-filing of Statements of Financial Transactions (SFTs)- all pointing to a weak internal control framework. Instances such as splitting of sale deeds to evade tax reporting obligations, absence of grievance redressal mechanisms, and poor taxpayer awareness further reflected a need for urgent structural reforms.

Recommendations

- *The Department may assess the staffing needs and address the issue of staff shortage for the purpose of registration of deeds.*
- *The Department may initiate the process of Aadhaar based authentication of the executants for registration of deeds and may also introduce the requirement of quoting of PAN of the executants before registering the documents valued more than ₹ 10 lakh.*
- *The Department may inspect the public as well as private institutions/business premises and check their lease agreements, if any, in a phase-wise manner for ensuring registration of lease documents in cases of hire/lease for more than 12 months.*
- *The Department may arrange system generated cancellation and locking of the e-stamps on the SHCIL's website immediately after refund of the amount.*
- *Internal control mechanism should be strengthened to ensure realisation of stamp duty and registration fees.*
- *All the Sub-registries may be audited by the internal audit at least once in every five years.*
- *The liability of stamp duty and payment mode in respect of all the instruments may be prominently displayed on the departmental website and in all such public offices where such instruments are executed or presented.*

Paragraph 5.3

FINANCE (Excise and Taxation) DEPARTMENT

Subject Specific Compliance Audit on “Department’s Oversight on GST Payments and Return Filing (Phase-II)”

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

GST (UTGST) are levied on intra-state supplies, and Integrated GST (IGST) is levied on the inter-state supplies.

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

The Subject Specific Compliance Audit (SSCA) on Department's Oversight on GST Payments and Return Filing was taken up considering the significance of the control mechanism envisaged for tax compliance and the oversight mechanism of the Commercial Taxes Organisation, Tripura (Department) in this new tax regime. The objectives were to assess the adequacy of the system in monitoring return filing and tax payments, extent of compliance and other departmental oversight functions.

This SSCA was predominantly based on data analysis, which highlighted risk areas and red flags in GST returns filed for 2018-19 to 2020-21. The SSCA entailed assessing the oversight functions of State Jurisdictional formations at two levels – at the data level and at the functional level carried out through detailed audit of the Charges and scrutiny of GST returns, which involved accessing taxpayer records.

A review of the functions of five Charges disclosed that there were deficiencies in oversight functions of Charges such as monitoring of return scrutiny, action on late filers/ non-filers, cancellation of registration and internal audit. As such, the functions of the charges were not fully carried out in an organised manner.

Further, out of the 111 high value data inconsistencies identified by Audit the Department responded to 65 cases. Of these, 55 cases constituting 84.61 *per cent*, turned out to be compliance deficiencies amounting to ₹ 58.05 crore. The Department had not responded to 46 cases of inconsistencies, which had an identified mismatch of ₹ 57.27 crore.

Detailed audit of GST returns also suggested significant non-compliance. In 20 cases which were examined, granular records were not forthcoming constituted a significant scope of limitation. Audit observed deficiencies in 17 cases including identified mismatches in availing of ITC amounting to ₹ 35.68 crore.

Considering the significant rate of compliance deficiencies, the Department must initiate remedial measures before they get time barred. From a systemic perspective, the Department needs to strengthen the institutional mechanism in the Charges to establish and maintain effective oversight on return filing, taxpayer compliance, tax payments, cancellation of registrations and recovery of dues from defaulters.

Recommendations

The Department may

- *take immediate steps to formulate guidelines/ SOP and ensure the scrutiny of returns in a time bound manner before the cases become time barred;*
- *initiate action against non-filers by assessing the tax liability through invoking of the ASMT-13 best judgment assessment order;*
- *ensure timely verification of cancelled registrations to prevent undue loss of tax revenue;*
- *conduct internal audit on regular basis, so that an optimum number of taxpayers can be audited in every financial year.*

Paragraph 5.4

CHAPTER-VI

GENERAL SECTOR

COMPLIANCE AUDIT PARAGRAPHS

FINANCE DEPARTMENT

Suspected excess payments

Lack of integration between the Computerised Treasury Operating System and the Human Resource Management System, along with gaps in oversight by Drawing and Disbursing Officers and Treasury Officers, resulted in excess payments of ₹ 3.97 crore towards salaries.

Paragraph 6.2

HOME (POLICE) DEPARTMENT

Suspected and excess payments

Failure of the Drawing and Disbursing Officer to detect non-compliance with the rules resulted in suspected and excess payment of ₹ 28.96 lakh indicating inadequate internal control, monitoring and accountability mechanisms in the office of the Superintendent of Police, Sepahijala.

Paragraph 6.3

CHAPTER-VII

Follow Up of Audit Observations

As of September 2024, 88 paragraphs (65 paragraphs and 23 performance audits) relating to the Audit Report for the years 2006-07 to 2021-22 were awaiting discussion by the Public Accounts Committee. Of these, explanatory notes on 68 paragraphs (51 paragraphs and 17 performance audits) have not yet been received from the departments.

Paragraph 7.1.1(a)

As of September 2024, 16 paragraphs (10 paragraphs and six performance audits) relating to the Audit Report for the years 2014-15 to 2021-22 were awaiting discussion by the Committee on Public Undertakings. Of these, explanatory notes on 15 paragraphs (10 paragraphs and five performance audits) have not yet been received from the departments.

Paragraph 7.1.1(b)

Analysis of the position of outstanding Inspection Reports showed that 2,003 paragraphs included in 256 IRs issued during the last five years up to 2023-24 were pending for settlement as of September 2024. Of these, even the first reply had not been received in respect of 865 paragraphs involving 98 IRs despite of repeated reminders.

Paragraph 7.3

Eleven Audit Committee Meetings were held during 2023-24 wherein 67 IRs and 321 paragraphs were discussed and four IRs and 173 paragraphs had been settled.

Paragraph 7.4