CHAPTER VIII : GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

8.1 General view of Government Companies and Statutory Corporation

Introduction

8.1.1 As on 31 March 2001, there were nine Government companies (eight working companies and one non-working company) and one statutory corporation (working) as against similar number of working and non working companies and statutory corporation as on 31 March 2000 under the control of the State Government. The accounts of the Government companies (as defined under Section 617 of Companies Act,1956) are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (CAG) as per provision of Section 619(2) of Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 of the Companies Act, 1956. The audit of Tripura Road Transport Corporation (TRTC), the only statutory corporation is conducted by the CAG, as sole auditor, under section 33(2) of the Road Transport Corporations Act, 1950.

Working public sector undertakings (PSUs)

Investment in working PSUs

8.1.2. As on 31 March 2001, the total investment in nine working public sector undertakings (eight Government companies and one statutory corporation) was Rs.197.84 crore (equity: Rs. 182.53 crore; long term loans: Rs. 15.31 crore) as against nine working PSUs (eight Government companies and one statutory corporation) with a total investment of Rs. 181.95[♦] crore (equity : Rs. 162.09 crore; long term loans : Rs.19.86 crore) as on 31 March 2000. The analysis of investment in working PSUs is given in the following paragraphs.

Working Government Companies

8.1.3 Total investment in eight working companies as on 31 March 2001 was Rs. 124.70 crore (equity: Rs.109.39 crore; long term loans: 15.31 crore) as against total investment of Rs. 119.17 crore (equity: Rs. 100.01 crore ; long term loans : Rs. 19.16 crore) as on 31 March 2000 in eight working Government companies.

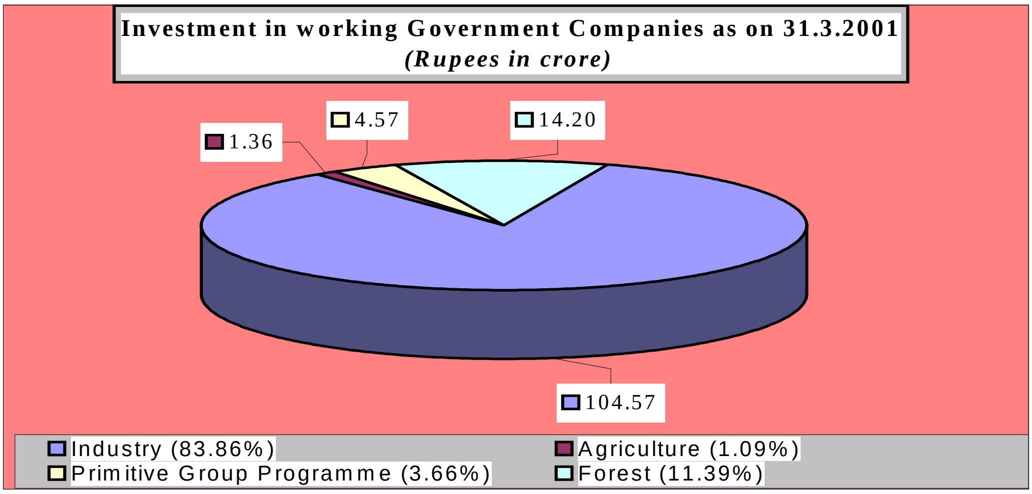
8.1.4 The summarised statement of Government investment in working Government companies in the form of equity and loans is detailed in **Appendix - XXVIII**.

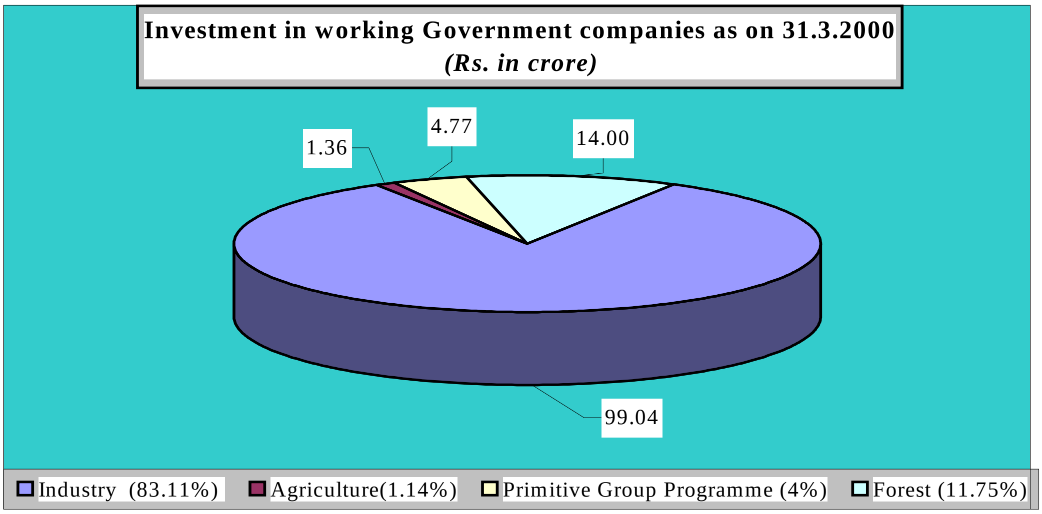
[♦] This figure excludes Rs. 4 lakh in respect of one non-working Public Sector Undertaking.

Sector-wise investment in working Government Companies

8.1.5 As on 31 March 2001, total investment of working Government companies, comprised 88 *per cent* of equity capital and 12 *per cent* of loans as compared to 84 *per cent* and 16 *per cent* respectively as on 31 March 2000.

8.1.6 The investment (equity and long term loans) in various sectors and percentage thereof at the end of 31 March 2001 and 31 March 2000 are indicated below in the pie charts.





- Sector-wise investment consists of paid up capital and long-term loans.
- Figures in brackets indicate the percentage of investment.
- Primitive Group Programme consists of schemes for welfare and development of primitive tribes.

8.1.7 Due to increase in paid up capital of Forest and Industry sectors as well as decrease in loan, the debt-equity ratio of working Government companies as a whole decreased from 0.19:1 in 1999-2000 to 0.14:1 in 2000-2001.

Working Statutory Corporation

8.1.8 The total investment in Tripura Road Transport Corporation at the end of March 2001 and March 2000 was Rs. 73.14 crore (equity: Rs. 73.14 crore) and Rs. 62.77 crore (equity: Rs. 62.08 crore and loan: Rs. 0.69 crore) respectively.

8.1.9 The summarised statement of Government investment in TRTC in the form of equity and loans is detailed in **Appendix - XXVIII**.

Budgetary outgo, grants/subsidies, guarantees and waiver of dues and conversion of loans into equity

8.1.10 The details of budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by State Government to working Government companies and statutory corporation are given in **Appendix XXVIII and XXX.**

8.1.11 The budgetary outgo (in the form of equity capital and loans) and subsidies from the State Government to eight working Government companies and one working statutory corporation for the three years upto 2000-2001 are given below:

(Rupees in crore)

	1998-99				1999-2000				2000-2001			
	Companies		Corporation		Companies		Corporation		Companies		Corporation	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Equity Capital outgo from budget	**3**	**5.29**	**1**	**6.20**	**6**	**9.10**	**1**	**7.41**	**6**	**9.38**	**1**	**11.06**
Loans given from budget	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Grants	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Subsidy	**1**	**0.12**	**Nil**	**Nil**			**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total Outgo	**3**[✪]	**5.41**	**1**	**6.20**	**6**[✪]	**9.10**	**1**	**7.41**	**6**[✪]	**9.38**	**1**	**11.06**

8.1.12 During the year 2000-2001, no guarantee was given. At the end of the year, guarantees amounting to Rs. 5.60 crore against one Government company was outstanding. The Government had forgone Rs. 17.24 crore by way of interest waived in one company during the year 2000-2001.

Finalisation of accounts by PSUs

8.1.13 The accounts of the companies for every financial year are required to be finalised within six months from the end of relevant financial year under Sections 166, 210, 230, 619 and 619B of the Companies Act,1956 read with Section 19 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of financial year. Similarly, in the case of statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provision of Act, governing the corporation.

[✪] These are the actual number of companies/corporations which received budgetary support in the form of equity/loan and subsidy from the State Government during the respective years.

8.1.14 However, as could be noticed from **Appendix - XXIX**, none of the eight working Government companies and one statutory corporation could finalise their accounts for the year 2000-2001, within stipulated period. During the period from October 2000 to September 2001, six working Government companies finalised their accounts relating to the previous years.

8.1.15 The accounts of all working Government companies and statutory corporation were in arrears for period ranging between 3 years to 14 years as on 30 September 2001 as detailed below :

Sl.No.	Year from which accounts are in arrears	Number of years for which accounts are in arrears	Number of working companies/corporation		Reference to Sl. No. of Appendix - XXIX	
			Government companies	Statutory corporation	Government companies	Statutory corporation
1.	1987-88	14	2	-	3 (i) & (iii)	-
2.	1989-90	12	2	-	3 (iv) & (v)	-
3.	1992-93	9	1	-	2 (i)	-
4.	1993-94	8	1		3 (ii)	
5.	1996-97	5	1	-	1(i)	-
6.	1997-98	4	1	-	4(i)	-
7.	1998-99	3	-	1	-	5(i)

8.1.16 The administrative departments have to oversee and ensure that the accounts are finalised and adopted by the PSUs within prescribed period. The concerned administrative departments and officials of the Government were apprised quarterly by the audit regarding arrears in finalisation of accounts. The Commissioner, Finance convened meetings of Managing Directors of the Companies in November 2000 and April 2001 and stressed on the need for clearing the arrears in finalisaton and adoption of accounts. Due to arrears in accounts, the investment made in these PSUs could not be assessed in audit.

Financial position and working results of working PSUs

8.1.17 The summarised financial results of working PSUs (Government companies and the statutory corporation) as per latest financial accounts are given in **Appendix - XXIX**. Besides, financial position and working results of the statutory corporation for the last three years, are given in **Appendix – XXXI and XXXII** respectively**.**

8.1.18 According to the latest finalised accounts of eight working Government companies and one working statutory corporation, five companies and the corporation had incurred aggregate loss of Rs 3.14 crore and Rs. 8.42 crore respectively. The remaining three companies earned an aggregate profit of Rs. 0.56 crore.

Working Government companies

Profit-earning working Companies and dividend

8.1.19 Accounts of all the working Government companies are in heavy arrears and hence accounts for the year 2000-2001 also not finalised. Hence, profit or loss in respect of these companies could not be brought out for the year 2000-2001. Out of eight working Government companies, which finalised their accounts for previous years by September 2001, three companies earned an aggregate profit of Rs. 0.56 crore and only two companies earned profit for two successive years. However, none of the three companies which earned profit declared dividends so far.

Loss-incurring working Government companies

8.1.20 Of the five loss incurring working Government companies, one company (Tripura Jute Mills Limited) had accumulated loss aggregating Rs. 17.99 crore which exceeded its paid up capital of Rs. 9.27 crore.

8.1.21 Despite poor performance and complete erosion of paid up capital, the State Government continued to provide financial support to this company in the form of contribution towards equity, subsidy etc. According to available information, the total financial support so provided by the State Government by way of equity during 2000-2001 to this company amounted to Rs. 5.38 crore.

Working Statutory Corporation

Loss making Statutory Corporation

8.1.22 The only statutory corporation (TRTC) had accumulated loss aggregating Rs.70.16 crore till 1997-98 (upto which the accounts were finalised) which exceeded its paid up capital of Rs.48.46 crore.

8.1.23 Despite poor performance and complete erosion of paid up capital, the State Government continued to provide financial support to this statutory corporation in the form of contribution towards equity. According to available information the total financial support so provided by the State Government by way of equity during 2000-2001 to this corporation amounted to Rs.11.06 crore.

Operational performance of Working Statutory Corporation

8.1.24 The operational performance of the working statutory corporation (TRTC) is given in **Appendix - XXXIII**. Following are the important observations on operational performance of the corporation:

8.1.25 Percentage utilisation of buses increased from 41 (1998-99) to 47 (1999-2000), and 49 (2000-2001). In case of trucks, it increased from 43 (1998-99) to 46 (1999-2000) and then decreased to 45 (2000-2001).

8.1.26 The loss per km increased from 3748 paise per km to 3825 paise per km in respect of buses from 1998-99 to 1999-2000, but loss per km in respect of trucks decreased from 10886 paise per km in 1998-99 to 9213 paise per km in 1999-2000.

Return on capital employed

8.1.27 As per the latest finalised accounts (upto September 2001), the capital employed worked out to Rs. 42.13 crore in eight working companies and total return thereon amounted to negative Rs. 0.50 crore **(Appendix - XXIX)** as compared to total return of negative Rs.1.13 crore in the previous year. Similarly, the capital employed and total return thereon in case of working statutory corporation (TRTC) as per the latest finalised accounts (upto

September 2001) worked out to negative Rs.19.03 crore and negative Rs.5.56 crore respectively. The details of capital employed and total return on capital employed* in case of working Government companies and statutory corporation are given in **Appendix - XXIX**.

Non-working PSUs

Investment in non-working PSUs

8.1.28 One company (Tripura State Bank Ltd.) was non-working for about 31 years and in the process of liquidation under Section 560 of the Companies Act, 1956 and as on 31 March 2001, the total investment in the form of equity was Rs.0.04 crore**.** Effective steps need to be taken for its expeditious liquidation.

Status of placement of Separate Audit Reports of statutory corporation in Legislature

8.1.29 The following table indicates the status of placement of Separate Audit Reports (SARs) on the accounts of statutory corporation issued by the Comptroller and Auditor General of India in the Legislature by the Government.

Sl. No	Name of the statutory corporation	Year upto which SARs placed in the Legislature	Years for which SARs not placed in the Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in the Legislature
1.	Tripura Road Transport Corporation.	1989-90	1990-91 to 1992-93	03.03.2000	No reasons for delay have been furnished by the Government.
			1993-94 to 1997-98	13.06.2000	

Due to delay in presentation of SARs by the Government in the Legislature, the activities of the corporation for the period from 1990-91 to 1997-98 were left outside the scope of legislative scrutiny.

Disinvestment, privatisation and restructuring of PSUs

8.1.30 There is no proposal for disinvestment, privatisation and restructuring including cases of merger and closure relating to the Government companies and the statutory corporation by the State Government.

Results of audit by the Comptroller and Auditor General of India

8.1.31 During the period from October 2000 to September 2001, the audit of accounts of three working Government companies (Tripura Jute Mills Ltd, Tripura Forest Development and Plantation Corporation and Tripura Industrial Development Corporation) were selected for review. The net impact and the important audit observations as a result of review of these three PSUs are as follows:

Details	Number of Accounts				*Rupees in lakh*			
	Government Companies		Statutory Corporation		Government Companies		Statutory Corporation	
	Working	Non-working	Working	Non-working	Working	Non-working	Working	Non-working
i) Decrease in profit	1	-	-	-	211.45	-	-	-
ii) Increase in losses	2	-	-	-	187.28	-	-	-

* These terms have been explained in the footnote of Appendix - XXIX

8.1.32 Some of the major errors and omissions noticed in course of review of annual accounts of the above companies are mentioned below :

Errors and omissions noticed in case of Government Companies

8.1.33 The following errors and omissions were noticed in test check of accounts of Government Companies.

(a) Tripura Jute Mills Ltd. (1988-89)

(i) Non-provision of liquidated damage @ 2 per cent per annum on loans resulted in understatement of net loss by Rs. 41.75 lakh.

(ii) Non-charging of Rs. 26.47 lakh on account of salary/wages payable to the employees resulted in understatement of loss to the same extent.

(iii) Non-provision of bad and doubtful advances resulted in understatement of loss by Rs. 14.36 lakh.

(iv) Non-provision of gratuity on accrual basis resulted in understatement of loss by Rs. 35.02 lakh.

(b) Tripura Forest Development and Plantation Corporation Ltd. (1991-92)

(i) Non-provision of Rs. 69.33 lakh on account of interest accrued and due on bank loan resulted in understatement of loss by Rs. 69.33 lakh.

(c) Tripura Industrial Development Corporation Ltd. (1992-93)

(i) Non-provision of doubtful debts and advances resulted in overstatement of profit by Rs. 201.36 lakh.

(ii) Non-provision of interest accrued but not due on loan resulted in overstatement of profit by Rs. 9.79 lakh.

Recommendations

8.1.34 Even after completion of 9 years of their existence, the turnover of eight working Government companies and one working statutory corporation have been less than Rs. 5 crore in each of the preceding five years of latest finalised accounts. Similarly one working Government company (Tripura Jute Mills Ltd.) and one working statutory corporation (TRTC) had been incurring losses for five consecutive years (as per latest financial accounts) leading to negative net worth. In view of poor turnover and continuous losses, the Government may attempt to improve the performance of these two PSUs.

Response to Inspection Reports, Draft paras and Reviews

8.1.35 Audit observations noticed during audit and not settled on the spot are communicated to the head of PSUs and concerned departments of State Government through Inspection Reports. The heads of PSUs are required to furnish replies to the Inspection Reports through respective heads of departments within a period of one month. Inspection Reports issued upto March 2001 pertaining to nine PSUs disclosed that 315 paragraphs relating to 58 Inspection Reports remained outstanding at the end of September 2001. Of these, 53 Inspection Reports containing 288 paragraphs had not been replied to for more than one year. Department-wise break-up of Inspection Reports and paragraphs outstanding as on 30 September 2001 is given in **Appendix – XXXIV.**

8.1.36 Similarly draft paragraphs and reviews are forwarded to the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that 3 draft paragraphs and one draft review were forwarded to the various departments during July 2000 to June 2001 but reply was received after the prescribed time schedule.

8.1.37 It is recommended that **(a)** The Government should ensure that procedure exists for action against the officials who failed to send replies to Inspection Reports/Draft Paragraphs/Reviews as per the prescribed time schedule, **(b)** action to recover loss/outstanding advances/overpayment in a time bound schedule and **(c)** revamping the system of responding to the audit observations.

Position of discussion of Audit Reports by the Committee on Public Undertakings (COPU)

8.1.38 The table given below indicates the position of reviews/paragraphs which appeared in the Chapter-VIII of the Audit Reports (Civil), titled 'Government commercial and trading activities' pending for discussion as on 30 September 2001.

Period of Audit Report	**Total number of reviews/paragraphs which appeared in Chapter-VIII**		**Number of reviews and paragraphs pending discussion**	
	Review	Paragraph	Review	Paragraph
1989-90	3	6	1	Nil
1992-93	2	2	2	2
1993-94	-	6	-	2
1995-96	1	5	1	1
1996-97	1	7	1	7
1997-98	1	5	Nil	2
1998-99	1	4	1	4
1999-2000	2	1	2	1

619-B Companies

8.1.39 There was one company coming under Section 619-B of the Companies Act, 1956. **Appendix - XXXV** indicates the details of paid up capital, investment by way of equity and summarised working results of the company based on the latest accounts.

SECTION - A

FOREST DEPARTMENT

8.2 Working of Tripura Forest Development and Plantation Corporation Limited

Highlights

The Company failed to achieve its rubber plantation target of 15,000 hectares for about 20 years ending 1996-97 reportedly for non-availability of forest land for use as the GOI did not accord approval for the use. The shortfall was 50 *per cent.* Restocking was also as low as 30 *per cent* during the last 16 years.

(Paragraphs 8.2.13 and 8.2.14)

Due to lower stand per hectare and lack of effective control on tapping operation, the company suffered a loss of revenue to the tune of Rs.119.77 crore.

(Paragraphs 8.2.16 and 8.2.20)

The company, being the largest single owner of rubber plantations in the State holding 91 *per cent* of total yielding area, accounted for only 40 *per cent* of the total yield of the State and suffered a potential loss of revenue amounting to Rs. 130.59 crore due to shortfall in achievement of yield with reference to the State average.

(Paragraphs 8.2.18 and 8.2.19)

Absence of effective control on collection of latex in company's plantations resulted in excess yield of scrap over the norm and loss of revenue of Rs. 0.92 crore.

(Paragraph 8.2.22)

Lower efficiency in centrifuging the latex to cenex and excess process loss in production of cenex and Estate Brown Crepe (EBC) over the norm led to loss of potential revenue to the tune of Rs. 1.84 crore.

(Paragraphs 8.2.31 to 8.2.35)

The company incurred an excess expenditure of Rs. 0.79 crore as well as cost over-run of Rs. 2.43 crore and time over-run of more than 7 years due to delay in implementation of scheme for cultivation of Dioscorea Floribunda and processing of Diosgenin. It also faced a loss of revenue to the tune of Rs. 1.04 crore owing to under-utilisation of the production capacity and absorption of excess overhead cost.

(Paragraphs 8.2.39 and 8.2.42)

Due to inadequate supply of wood, installation of insufficient number of steam kiln and under-utilisation of vacuum pressure vessel etc, the company suffered a loss of revenue of Rs. 0.30 crore in Timber Treatment Plant.

(Paragraph 8.2.48)

Absence of appropriate marketing strategy led to accumulation of stock of rubber above the optimum level (700 tonnes) and resulted in blocking up of working capital to a great extent.

(Paragraph 8.2.52)

Introduction

8.2.1 Tripura Forest Development and Plantation Corporation Limited (TFDPC Ltd.) was incorporated in March 1976 as a Government Company to acquire rubber and other plantations in the State and to develop and carry on the business of rubber, citronella and bamboo produces. The company had started with the commercial plantations of rubber as its main activity.

Objectives

8.2.2 At present, the company is confined to the following objectives :

(i) Raising of the commercial plantations of rubber along with production of raw rubber produces, (ii) Value addition to raw rubber by way of producing centrifuged latex, crepe rubber etc., (iii) Cultivation of Dioscorea and commercial production of Diosgenin, (iv) Value addition to rubber-wood by way of treatment in Timber Treatment Plant and (v) Resettlement of Scheduled Tribe and Scheduled Caste families on rubber plantation based projects for their economic upliftment.

Organisational set up

8.2.3 The company is being managed by the Board of Directors nominated by the State Government. The present Board consists of 15 Directors with the Minister of Forests, Government of Tripura, as the Chairman of the Board.

8.2.4 The Chief Executive of the company is the Managing Director in the rank of Conservator of Forests, who is assisted by a Project Manager, Chief Accounts Officer and Labour Welfare Officer, five Divisional Managers in five divisions at Agartala, Kumarghat, Santirbazar, Manubazar, Takmacharra and one General Manager in Dioscorea Project at Ananda Nagar, Agartala. The post of Managing Director has been subjected to five changes (November 1995, December 1996, November 1998, May 2000 and July 2000) in its incumbency during the period under review.

Scope of audit

8.2.5 The review for the period from 1995-96 to 1999-2000 has been conducted mainly at its Head office at Agartala and in two divisions situated at Agartala and Kumarghat. Findings thereof are discussed in succeeding paragraphs. The working of the Company was last reviewed in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1989. The COPU in its 26th Report presented to the Legislature on 23.3.96 recommended the followings:

1. The State Government should give much importance and take positive steps for transferring the land to the corporation so that the corporation may issue share certificates to the allottees and assess the value of the properties transferred.

2. The State Government and the defaulting corporation jointly should take an action plan to complete the arrear accounts.
3. The Management should take a lesson from the previous years and draw some fruitful plans and programmes to overcome the recurring losses.

COPU also called for detailed report on different matters. Action taken by the company/Govt. on the report of COPU was sent on 19.11.96 but is yet to be reviewed by COPU.

Funding

Capital structure

8.2.6 The authorised share capital of the company as on 31 March 2000 was Rs. 10 crore against which the paid up capital as on that date stood at Rs. 8.35 crore, subscribed by the State Government (Rs. 8.05 crore inclusive of Rs. 0.75 crore received during the five years ending 1999-2000) and the Central Government (Rs.0.30 crore).

Sources of funds

8.2.7 The main source of funds of the company was share capital received from the State Government. The company also received funds in the form of grants-in-aid and on account of agency work from various agencies like North Eastern Council and the various State Government Departments of Tribal Welfare, Scheduled Caste Welfare and Forest.

8.2.8 The company also mobilised resources by way of loan secured under NABARD from the banks in two phases before 1988-89. The company repaid the loan amount of Rs. 50 lakh under 1st phase in the year 1995 with an interest burden of Rs. 1.25 crore and failed to repay 2nd phase loan of Rs.2.64 crore which was drawn during 1984-85 to 1988-89 with the repaying period between 1989-90 to 1993-94. Compound interest was charged by the banks on the outstanding loans. Interest of Rs. 2.34 crore against the loan had been paid while principal of Rs. 2.64 crore remained outstanding till 31st March 2000. This indicated that the company was increasingly coming under debt burden.

8.2.9 The Management stated (August 2001) that negotiation with the banks for settlement of outstanding loan liability is under way.

Annual accounts

8.2.10 As on 31 March 2000, finalisation of the accounts from the years 1992-93 onwards were in arrears. As per the provisional accounts for the years 1995-96 to 1998-99, the company sustained a loss of Rs.22.96 lakh, Rs.28.04 lakh, Rs. 83.71 lakh and Rs. 130.47 lakh respectively and as a result the cumulative loss as on 31 March 1999 increased to Rs.7.59 crore. The financial position and working results of the company for the years 1995-96 to 1998-99 as per provisional accounts are given in **Appendices - XXXVI and XXXVII**.

Rubber Plantation

Status of land

8.2.11 5681.26 hectares of forest land including 481.26 hectares of plantation area (rubber: 418.66 hectares, bamboo: 55.40 hectares and citronella: 7.20 hectares) was transferred in February 1981 by the Forest Department to the company under the 1st phase of Project to be implemented during 1976-77 to 1986-87.

8.2.12 Raising of rubber plantation in forest land is not permissible under Section 2 of Forest (Conservation) Act, 1980, without the prior approval of the Government of India. Following the provision of this Act, the company on a joint survey (between 1987-1991) with the Forest Department further identified 9,019.52 hectares of forest land and submitted (November 1991) a proposal for obtaining approval from Government of India for raising rubber plantation for its 2nd project. The Government of India has not yet accorded approval. The company, however, raised additional plantation on 2,340.72♦ hectares of Government land over the years ending March 2000 for rubber plantation though no approval of the Government of India was obtained.

Project plantation

8.2.13 As against the company's plantation target of 15,000 hectares in two projects for a period of 20 years from 1976-77 to 1985-86 (5,000 ha) and 1986-87 to 1996-97 (10,000 ha), the company raised plantation over 7,540.72 hectares during 1976-77 to 1999-2000 out of which only 78.4 hectares of plantation was raised during 1995-96 to 1999-2000. This resulted in unfavourable age composition of trees☼. The shortfall of around 50 *per cent* in the company's target was due to non-availability of land as the GOI did not accord approval for raising rubber plantation on the Forest Land.

Restocking/Replantation

8.2.14 Of the total plantation area of 4,805.55 hectares raised during the years 1976 to 1985, 2,105 hectares of plantation got damaged during 1984-85 to 1999-2000 due to fire, cattle-grazing, extremist and ethnic problems. The company has neither made any cost benefit analysis nor taken any appropriate step for insuring the plantation against fire hazards so far (April 2001). Moreover, the company did not formulate any long term plan for restocking/replanting, in the vacant areas of damaged plantation in a phased manner. As a consequence, only 30 *per cent* of the total damaged area could be restocked (637.50 ha) between 1984 and 2000 in five divisions leaving 1,467.50 hectares vacant and unproductive which resulted in loss of recurring revenue as discussed in succeeding paragraphs.

8.2.15 The Management stated that damaged area could not be restocked completely due to extremist activities prevailing in some interior areas.

♦ Calculation: 2340.72 ha = 7540.72 ha (Total plantation upto 1999-2000) - 5200 ha (raised upto 1986-87). 5200 ha = 5681.26 ha - 481.26 ha (transferred by Forest Department).

☼ The age-wise analysis of plants and its adverse consequences are discussed in para 8 2.23 to 8.2.26.

Productivity of plantation

Yield per hectare

8.2.16 The stand per hectare of tapping trees in the plantation of the company during the five years upto 1999-2000 ranged between 108 to 132 trees against the norm of a minimum 310 trees per hectare in mature plantation as recommended by the Rubber Board. Though the company had fixed a norm of minimum 300 trees per hectare, the achievement was far behind mainly due to ineffective restocking activities and lack of proper maintenance of new plantation leading to low stand in the plantation area, indicating the under-utilisation of land and absence of long range corporate planning in plantation programme so as to optimise the yield in its rubber production. The loss of potential revenue due to lower stand per hectare taking into consideration the company's norm during 1995-96 to 1999-2000 amounted to Rs. 59.70 crore as shown below:

Year	Plantation Area	Stand as per company's norm	Actual stand	Short-fall (3-4)	Average stand per ha (4/2)	Average yield per tree*	Loss of production due to shortfall (5X7)x100	Rate per Kg realised	Loss of revenue (8X9) x 1000
	(Hectares)	(Number in lakh)			(Number)	(Kg)	(Tonnes)	(Rs.)	*(Rupees in lakh)*
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
1995-96	6784.71	20.35	7.35	13.00	108	2.21	2873	54.00	1551.42
1996-97	7208.08	21.62	8.02	13.60	111	2.19	2978	46.83	1394.60
1997-98	7743.98	23.23	8.38	14.85	108	2.61	3876	33.35	1292.65
1998-99	7743.98	23.23	9.84	13.39	127	2.16	2892	26.58	768.69
1999-2000	7755.98	23.27	10.25	13.02	132	2.46	3203	30.04	962.18
Total									**5969.54**

8.2.17 The Management stated (August 2001) that trees planted in the plantation area suffered very heavy casualties requiring massive vacancy filling/restocking. But it was observed in audit that the vacancy filling to the desired extent was not implemented resulting in lower stand per hectare.

8.2.18 The table below brings out the comparative analysis of yield in the company's plantation with that of State and National average during the five years upto 1999-2000.

			Yield per ha(kg)						
Year	Planta-tion Area (Ha)	Total yield (Tonnes)	Company (3/2)x1000	State average	National average	Total yield as per State average (Tonnes) (5X2)/1000	Shortfall in production (Tonnes) (7-3)	Rate per Kg realised	Loss of revenue (8x9)x1000 *(Rupees in lakh)*
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
1995-96	6784.71	1626.398	240	1200	1422	8141.652	6515.254	54.00	3518.24
1996-97	7208.08	1757.944	244	1200	1503	8649.696	6891.752	46.83	3227.41
1997-98	7743.98	2184.689	282	1200	1549	9292.776	7108.087	33.35	2370.54
1998-99	7743.98	2122.950	274	1200	1563	9292.776	7169.826	26.58	1905.74

* Calculation : Average yield per tree = Total yield for the year (column 3) of the table at (b) ÷ number of actual stand (column 4) of the table at 8.2.16.

The shortfall in yield in comparison with State average worked out to 34,466.446 tonnes for the five years upto 1999-2000 and the loss of potential revenue on this account amounted to Rs. 130.59 crore.

8.2.19 Shortfall in yield per hectare could be attributed to very low stand per hectare and deficiency in management over the years in restocking of the plants. It is also noteworthy in this connection that while the company is the largest single owner of rubber plantation in the State and held about 91 *per cent* of the total yielding area during 1999-2000, the actual yield was very low, accounting for only 40 *per cent* of the total yield in the State.

Low yield per tree

8.2.20 Crop is being collected from the rubber plantation in the form of field latex[✍] and scrap[☛] by the tappers on alternate days. Analysis in audit on yearwise yield from tappable trees indicated that due to failure to engage tappers in time to collect latex from the plantation and lack of plantation programme resulting in scattered stand requiring deployment of more number of tappers, the crop production in the company's plantation during the period of five years upto 1999-2000 ranged between 15.41 gms and 18.62 gms/tree/tapping day as against the norm of 43 gms fixed by the Rubber Board. As a consequence, there was a shortfall in the crop production to the tune of 16,173.546 tonnes during the above period resulting in loss of potential revenue of Rs. 60.07 lakh **(Appendix - XXXVIII).**

Excess yield of scrap

8.2.21 Analysis in audit revealed that in the absence of effective control on collection of latex the yield of scrap (1,959.184 tonnes) in company's plantation during the period under review constituted 20.41 *per cent* of total crop production (9,601.287 tonnes) as against the expected scrap collection of only 1,440.193 tonnes as per norm (15 *per cent* of total crop production) fixed by the Rubber Board.

8.2.22 Since the realisable value of scrap is less as compared to latex products, the loss of revenue due to excess yield of scrap (518.991 tonnes) over the norm during the period under review, amounted to Rs. 91.73[♦] lakh (**Appendix - XXXIX**). The Management stated that proper supervision over the tapping works could not be ensured due to ethnic disturbances in and around many rubber plantation centres. It was also opined by them that the level of proficiency of the tappers is not comparable to that of National level as tappers of Tripura were mostly practising Jhumia or shifting cultivation and required a lot of motivation and training. Moreover, 50-65 tapping days had

[✍] Field latex: It is a hydrosol obtained from a rubber tree containing rubber in the form of particles.

[☛] Scrap: It is a solidified form of latex obtained from the body of the tree or from the earth surface.

[♦] Calculation: Excess yield of scrap over the norm *multiplied by* difference in rate between latex product and scrap during five years upto 1999-2000.

remained unutilised for each block each year during rainy season since no rain guard was provided to the rubber trees.

Age-wise analysis of rubber plantation

8.2.23 According to the yield pattern estimated by the Rubber Board, the yield from rubber trees starts in 7th year of planting and it gradually increases from 900 kg to 1,500 kg per hectare during the first five years of tapping and remains stable till the 20th year. Thereafter, the yield gradually declines and reaches the level of 750 kg per hectare by the 30th year of planting. After completion of normal tapping upto 27th year, the rubber trees are put under intensive/slaughter tapping (i.e. increased tapping frequency, extension of tapping cut, opening of double cuts and use of yield stimulants) upto the age of 32 to 35 years before clear felling and raising of fresh crops.

8.2.24 Audit noticed that nearly 94.66 hectares of rubber plantations are in the age group of 28 to 37 years and 1,734.20 hectares are in the age group of 21 to 27 years but no slaughter tapping activity was started by the company in order to have area for fresh crops. While the company is having 67.92 *per cent* of the total plantation area under the age group of 12 to 20 years i.e. maximum yielding stage, only 1.99 *per cent* of rubber plantation remains in the age group between 1 to 8 years indicating the improper equation of the age group, which would adversely affect the production in coming years.

8.2.25 The above unhealthy equation of the age-wise plantation of the company is attributed to the failure of 2nd phase plantation as well as improper identification of area for vacancy filling, poor performance in covering the area damaged due to various reasons and the Management's indecision regarding planned/phased programme for intensive/slaughter tapping.

8.2.26 The Management stated (August 2001) that age-wise distribution of plantation has been adversely affected due to non-availability of funds, planting material and land in time and problem of accessibility to some areas.

Processing of rubber

Rubber production in rubber processing factory

8.2.27 A Latex Centrifuging Factory and Crepe Mill of the Company at Takmacherra completed at a cost of Rs. 2.71crore for converting field latex into cenex (i.e. concentrated latex with 60 *per cent* dry rubber content) and skim crepe, started commercial production only in February 1994.

8.2.28 Further, a proposal for extension of Latex Centrifuging Factory and Crepe Mill to double the production by installing one more centrifuging machine and five crepes was approved by North Eastern Council(NEC) in September 1998 at an estimated cost of Rs. 120 crore. Out of the funds released by NEC upto 1999-2000 (Rs. 90 lakh), the Company utilised Rs. 81.64 lakh for installation of one Alfa Laval Latex centrifuging machine (Swedish make) in March 2000 and other ongoing works.

Capacity utilisation

8.2.29 The field latex collected from the rubber trees is centrifuged and converted into cenex. During this conversion skim lump[*] is obtained as a by-product which is converted into skim crepe[†]. The field scrap (viz. tree lace, shell scrap and earth scrap) is used for production of Estate Brown Crepe[†] (EBC). Moreover Pale Latex Crepe[†] (PLC) is also produced by using field latex, whenever necessary.

8.2.30 The table below indicates the capacity utilisation of cenex and EBC in the factory during the five years upto 1999-2000.

(Capacity and Actual in tonnes)

Cenex				EBC		
Year	**Capacity (2 Shifts)**	**Actual**	**Percentage of utilisation**	**Capacity (3 shifts)**	**Actual**	**Percentage of utilisation**
1	**2**	**3**	**4**	**5**	**6**	**7**
1995-96	550	489.440	88.99	240	85.875	35.78
1996-97	550	373.163	67.85	240	63.550	26.48
1997-98	550	426.215	77.49	240	45.425	18.93
1998-99	550	332.310	60.42	240	42.600	17.75
1999-2000	550	350.530	63.73	240	38.025	15.84

The under-utilisation of capacity for production of cenex (except during 1995-96) was mainly due to inadequate yield from the plantation. Further, the Management stated that, owing to prevailing disturbed situation, the factory could not be run in two shifts regularly. Lack of supervision on the working of the factory also hampered the production. The yield in the company's plantation suffered due to poor stand and lack of effective supervision over the tapping task. The reply is not tenable as in case of EBC, the under-utilisation of capacity was mainly due to disposing of substantial quantity of field scrap collected in different RPCs[➨] instead of utilising it in production of EBC by the Company though the rate of EBC was more than the rate of scrap.

Efficiency in centrifuging

8.2.31 According to the centrifuging efficiency standard fixed by the Rubber Board, 85 *per cent* of the input latex should be in the form of cenex and the balance (15 *per cent*) in the form of skim crepe.

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[*] Skim Lump: A byproduct obtained during centrifuging operation.

[†] Skim crepe, Estate Brown Crepe and Pale Latex Crepe: Different types of rubber produced from skim lump/ field scrap/ field latex.

[➨] RPC: Rubber Processing Centre.

8.2.32 But the factory could not maintain the required level of efficiency during the last five years upto 1999-2000 as detailed below:

Year	Latex input (Tonnes)	Cenex to be produced as per norm (85 *per cent* of 2) (Tonnes)	Cenex output (Tonnes)	Centrif-uging efficiency (Percentage)	Shortfall in produc-tion (3-4) (Tonnes)	Rate of Cenex (100 *per cent* DRC) per kg. (Rs.)	Rate of skim crepe per kg (Rs.)	Difference in rate (7-8) (Rs.)	Loss of revenue (6x9) x 1000 *(Rupees in lakh)*
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
1995-96	369.559	314.125	296.111	80.13	18.014	77.22	37.52	39.70	7.15
1996-97	310.912	264.275	225.764	72.61	38.511	65.35	40.00	25.35	9.76
1997-98	359.493	305.569	257.860	71.73	47.709	48.12	29.58	18.54	8.85
1998-99	296.616	252.124	201.047	67.78	51.077	45.62	23.43	22.19	11.33
1999-2000	316.285	268.842	212.071	67.05	56.771	37.52	25.68	11.84	6.72
Total									**43.81**

The lower efficiency in centrifuging the latex to cenex resulted in generation of skim lump in excess of the norm. The skim lump required further processing for production of skim crepe which fetches much lower price in comparison to cenex. The Management stated that the efficiency in centrifuging depends on the factors like feed rate, angular velocity of the machine and length of regulating screws. These factors depend on proficiency of the workers and intensive supervision on the production which could not be provided by the company. The Management further stated that proficient workers were not available and intensive supervision could not be made due to insurgency prevailing in the area where the factory was situated. The lower efficiency in centrifuging thus, resulted in loss of potential revenue of Rs.43.81 lakh during the period 1995-96 to 1999-2000. Remedial action had not been taken to improve the efficiency level.

Process loss
Cenex

8.2.33 During the years 1996-97 to1999-2000, the company could not maintain the norm prescribed by the Rubber Board (2.5 *per cent* of the input) regarding process loss during production of cenex. It was observed in audit that the actual process loss (109.234 tonnes) during the above period was 8.51 *per cent* of the input (1,283.306 tonnes) as against the permissible process loss of 2.5 *per cent* (32.082 tonnes) as per the norm fixed. In the absence of effective control on production performance, the company suffered a loss of potential revenue amounting to Rs. 36.28 lakh due to excess process loss (77.152 tonnes) over the norm during the above period (**Appendix- XL**).

Estate Brown Crepe (EBC)

8.2.34 It was observed in audit that only 15.37 *per cent* of the total scrap (1,959.184 tonnes) collected in company's rubber plantations was used for production of EBC though the capacity utilisation of EBC production during the above period ranged between 16 and 36 *per cent* only. The reason for such low capacity utilisation is mainly attributable to the failure of running the factory in 2 shifts regularly and also prevailing disturbed situation in and around the factory.

8.2.35 Since the field scrap fetches lesser realisable value than the EBC, the under-utilisation of capacity as well as non-utilisation of excess field scrap for production of EBC has resulted in loss of revenue amounting to Rs. 1.04 crore. (**Appendix- XLI**).

Production of Ribbed Smoked Sheets (RSS)

8.2.36 The other divisions (Sadar, North, South I and South II) of the company are engaged in production of Ribbed Smoked Sheets (RSS) from the field latex collected from the tappable rubber tree. The table below indicates the capacity utilisation of RSS during 1995-96 to 1999-2000.

Year	Capacity (Tonnes)	Actual Production (Tonnes)	Percentage of utilisation
1995-96	1651	1024.050	62.02
1996-97	2138	1244.453	58.21
1997-98	2235	1582.198	70.79
1998-99	2625	1727.425	65.81
1999-2000	2734	2097.177	76.71

The under-utilisation of capacity for production of RSS was attributable to poor stand, absence of proper supervision and control on tapping operation and failure in planting programme including restocking, resulting in inadequate yield from the plantations.

8.2.37 The Management stated that, for want of funds, restocking could not be completed and supervision and control on tapping operation was not possible due to prevailing disturbed situation.

Diosgenin factory and Dioscorea plantation

8.2.38 Diosgenin is an ingredient widely used in manufacture of steroid hormones, sex hormones, cortisone and oral contraceptive pills. Considering the condition of Tripura to be congenial for production of Diosgenin, the scheme for cultivation of Dioscorea floribunda and processing for manufacture of Diosgenin was sanctioned by NEC in December 1986 to be implemented by the company at an estimated cost of Rs. 1.43 crore with target date for completion as March 1990. The physical target for plantation work was 200 hectares and the capacity of the extraction factory was fixed at 10 TPA (tonnes per annum). The scheme was revised and sanctioned for Rs. 2.79 crore by NEC in March 1991 with the revised completion date as June 1993 and was further revised to Rs. 3.07 crore in June 1993. Moreover, the plantation target was reduced to 100 hectares and the capacity of the factory was scaled down to 5 TPA considering various constraints.

8.2.39 Inspite of repeated revision of time schedule, the company could not maintain the project schedule due to reasons like delay in furnishing of original designs to the executing firm, delay in installation of deep tubewell, and slow progress of different activities etc. Ultimately the commercial production of Diosgenin started from July1997 incurring an excess expenditure of Rs. 78.71 lakh (Rs. 385.65 lakh - Rs. 306.94 lakh) over the final sanctioned amount of NEC and cost overrun to the tune of Rs. 242.76 lakh (Rs. 385.65 lakh - Rs.142.89 lakh) and time overrun of more than 7 years. The excess expenditure of Rs. 78.71 lakh is unlikely to be reimbursed by NEC.

Capacity utilisation

8.2.40 The table below indicates the capacity utilisation of the Diosgenin factory during 1997-98 to 1999-2000.

Year	Capacity (Kg)	Actual production (Kg)	Percentage of utilisation
1997-98	5000	982.30	19.65
1998-99	5000	585.00	11.70
1999-2000	5000	637.70	12.75

The under-utilisation of capacity was mainly due to inadequate yield from the plantation to run the factory in 3 shifts, failure in projected cultivation of raw material and uncertainty over marketing for Diosgenin.

8.2.41 The Management stated that, due to non-availability of suitable land, target for cultivation of Dioscorea floribunda could not be achieved. Moreover, owing to insecurity prevailing in the area, the production in 3 shifts could not be undertaken.

Cost analysis

8.2.42 The table below indicates the manufacturing cost per Kg of Diosgenin *vis-à-vis* anticipated realisable value and potential loss of revenue during the three years upto 1999-2000.

Year	Actual production of Diosgenin (kg)	Cost incurred *(Rupees in lakh)*	Cost per kg (3÷2) (Rs.)	Realisable value per kg (Rs.)	Loss of Revenue [(4-5) x 2] *(Rupees in lakh)*
1	*2*	*3*	*4*	*5*	*6*
1997-98	982.30	53.36	5432	1600	37.64
1998-99	585.00	44.55	7615	1600	35.19
1999-2000	637.70	40.90	6414	1600	30.70
Total	**2205.00**	**138.81**			**103.53**

The recurring higher manufacturing cost over the probable realisation and loss of revenue amounting to Rs. 1.04 crore upto 1999-2000 is attributed to gross under-utilisation of the capacity of production of Diosgenin and charging of excess overhead cost viz. engagement of both Works Manager and General Manager for such a small project, which was not included in the feasibility report according to which cost of sales per kg diosgenin was projected as Rs. 517.60 inclusive of Rs. 100 per kg and Rs. 209 per kg as component of salaries and wages and raw material respectively.

Marketing

8.2.43 The company does not have full fledged marketing department and it did not conduct any market survey for exploring the possibility of the marketing of Diosgenin to be produced in the factory though there were locational disadvantage and lack of proper communication. The project was very much delayed and the company had no control over the problem to market the product. The company did not even have a full fledged marketing department to market the Diosgenin. As a result, huge stock of Diosgenin has accumulated as detailed below resulting in blockage of working capital as well as possible deterioration in the quality of Diosgenin due to prolonged storage.

Year	Opening stock (kg)	Production during the year (kg)	Sale (kg)	Closing stock (kg)
1997-98	175.30*	982.30	-	1157.60
1998-99	1157.60	585.00	750.00	992.60
1999-2000	992.60	637.70	748.40**	881.90

* Opening stock in 1997-98 is the production during trial run.
** Includes process loss of 148.40 kg of Diosgenin.

8.2.44 The company was able to sell only 56.72 *per cent* of the actual production of Diosgenin upto 1999-2000 which indicates failure of its marketing activities.

8.2.45 The Management stated that, due to resource constraints, detailed market survey could not be done.

Timber treatment plant

8.2.46 The proposal for extension support fund under "Free" project scheme on preservation treatment of rubber wood and secondary species including plasticisation and ammonia fumigation of wood[✌] was approved by Indian Council of Forestry Research and Education (ICFRE) in 1997 for Rs. 17.50 lakh with a completion period of two years from the date of release (July 1997) of first instalment.

The project has the followings objectives:

- To utilise the rubber wood available from non-productive plantation.

✌ **Plasticisation and ammonia fumigation of wood: It means the plasticisation of seasoned treated rubber wood at 30 per cent moisture and treatment by ammonia in ammonia plasticisation unit and ammonia fumigation plant.**

- To supply the treated rubber wood/secondary species to furniture/cabinet shops for creation of employment.
- To popularise the treated rubber wood /secondary species for furniture, door and window frame etc., through various technologies developed by ICFRE.

The project was commissioned in June 1999 at a cost of Rs. 22.15 lakh as against the sanctioned amount of Rs. 17.50 lakh.

Production performance

8.2.47 The rubber wood is being sprayed with chemicals and put in saw mill. The sawn wood is, thereafter, chemically impregnated in vacuum pressure treatment plant and placed in steam heated kiln for seasoning . It was observed in audit that in the present situation 18,000 cft of rubber wood can he treated in vacuum pressure vessel per year while two steam kilns are capable of seasoning 4,800 cft of treated wood per year. As a result the vacuum pressure vessel as well as saw mill had to remain idle to adjust with the low performance of steam kiln restricting the capacity utilisation of the plant to 32 *per cent* of the installed capacity.

8.2.48 The targeted production, installed capacity and actual production of treated rubber wood during 1999-2000 is given below:

Year	Targeted production (cum)	Installed capacity (cum)	Actual produc-tion (cum)	Shortfall (cum)	Percentage of utilisation	Average rate per cum (Rs.)	Loss of potential revenue *(Rupees in lakh)*
1999-2000	500	500	158.8659	341.1341	32	8829	30.12

The under-utilisation of capacity of the plant is attributed to inadequate supply of log, installation of insufficient number of steam kiln, under-utilisation of vacuum pressure vessel and saw mill and running of plant in one shift instead of 3 shifts. As a consequence the company had to face a loss of potential revenue amounting to Rs. 30.12 lakh during the above period.

8.2.49 It was also observed in audit that 76.0379 cum treated rubber wood was sold during the year 1999-2000 leaving a closing stock of 82.8280 cum (52 *per cent* of total production of 158.8659 cum) which indicates the unsatisfactory performance in marketing the product.

Marketing of rubber

8.2.50 The company had not set up a full-fledged marketing department to market its rubber products and there was no well laid down system of collection of market information or evolution of marketing strategy.

8.2.51 The company sells its rubber products in the form of cenex, skim crepe, RSS, EBC, PLC, Scrap etc. Of this, sale of RSS constituted about 55 to

74 *per cent* of total sales during the five years upto 1999-2000. The sales are undertaken/carried out through public auction.

8.2.52 Analysis in audit revealed that in the absence of appropriate marketing strategy the accumulation of stock of rubber products during the five years upto 1999-2000 ranged between 4.31 and 6.81 months' sale for the succeeding years and except in the year1995-96, the stock position exceeded the optimum level of store (700 tonnes) resulting in huge blocking up of working capital in each year as would be evident from the table below:

Year	Production including opening stock (Tonnes)	Sale during the year (Tonnes)	Closing stock (Tonnes)	Closing stock in terms of months' sale during each of the succeeding years
1	**2**	**3**	**4**	**5**
1995-96	1878.194	1348.44	529.754	4.31
1996-97	2604.798	1476.133	1128.665	6.35
1997-98	3738.670	2132.250	1606.420	6.81
1998-99	4191.044	2830.003	1361.041	5.02
1999-2000	4375.314	3255.311	1120.003	6.40

8.2.53 Audit also noticed that company's godowns at Agartala and other places except in Central Warehousing Corporation, where a portion of the stock was being kept, had not been properly constructed. As a consequence, first-in first-out (FIFO) method of material management could not be implemented resulting in accumulation of old stock and deterioration of grade/quality in some cases. Moreover, huge accumulation of stock over and above the optimum level forced the company to heap the product outside the godown in an unplanned and unprotected manner, which indicated the absence of systematic and planned storage facility in the company.

Costing system

8.2.54 The company has neither prepared any costing manual of its own nor exercised the system of periodical costing to arrive at the manufacturing cost of the rubber product before the start of selling operation. As a result, no comparative analysis is done between the offered price and the cost price at the time of sale. The company, therefore, is not in a position to analyse the elements of manufacturing expenses of its products and have control over them in order to face a competitive market.

Internal audit and accounting manual

8.2.55 The company neither prepared nor adopted any accounting manual of its own. The company has neither any Internal Audit Wing of its own nor deployed any outside agency to conduct the internal audit for its activities.

Conclusion

8.2.56 The company formed with the objectives of improving the production of rubber and other plantations in the State by taking over the Government rubber plantation and planting new areas, confined itself mainly to commercial plantation and production of raw rubber. The activities of the company were mismanaged resulting in extra cost as is evident from the following facts:

(a) The pace of implementation of replanting programme had been very low resulting in unhealthy equation of age-wise plantation of the company.

(b) Low stand, poor yield from the plantations and excess yield of scrap from the plantation due to lack of effective control on tapping operations resulted in underutilisation of capacity of the company's production units.

(c) Yield from the plantation was much below the norm as well as the average yield recorded by similar plantation in the State.

(d) Absence of effective control on process loss hampered the performance of the production units.

(e) The company had not evolved any marketing strategies of the expected standard.

(f) Lack of continuity in management had adversely affected the pace of decision making process.

8.2.57 In view of the foregoing facts and in the context of highly fluctuating and competitive market conditions, the company should adopt more effective measures to overcome these constraints so as to optimise its productivity and profitability in the coming years.

SECTION - B

POWER DEPARTMENT

8.3 Loss of revenue

Non-imposition of penalty (Rs. 73.49 lakh) for delay in payment of electricity charges and inadmissible allowance of rebate (Rs. 11.36 lakh) to consumers led to a loss of revenue amounting to Rs. 84.85 lakh.

(a) Clauses (a) and (b) of Condition 28 of the Tripura Electric Supply Conditions, 1985 stipulate imposition of penalty for not making payment of electricity consumption bill within 30 days from the due date at the rate of 10 paise per unit of consumption per 30 days or part thereof, from the day following the due date of payment. Due date is 15 days after the date of presentation of bill.

It was noticed during test check of records of 13 Electrical Sub-Divisions (April 1999 and January 2001) that the payments by 449 consumers in respect of 982 bills for consumption of electric energy, between February 1993 and July 2000, were made beyond the stipulated period. However, no penalty was realised from them for which no reasons were on records. This resulted in loss of revenue to the extent of Rs. 73.49 lakh **(Appendix - XLII)**.

(b) In terms of clause 17 (c) of the Tripura Electric Supply Conditions, 1985 no rebate is admissible to a consumer if the bill is not paid within 15 days from the date of its presentation.

It was noticed during test check of records of 8 Electrical Sub-Divisions between April 1999 and January 2001 that the rebate was allowed to 346 consumers in 690 cases for consumption of electric energy, between February 1993 and November 2000 even though the payments were not made within the stipulated date. This inadmissible allowance of rebate resulted in loss of revenue of Rs. 11.36 lakh **(Appendix - XLIII)**.

On these being pointed out in audit, 5 Sub-Divisions (Kumarghat, Ambassa, Jirania, Durgachowmuhani and Bishalgarh) stated that supplementary bills were issued and an amount of Rs. 1.08 lakh (penalty)[♦] and Rs. 0.72 lakh (rebate)[❋] had been realised. Action taken, if any, by other Sub-Divisions was awaited (September 2001). Thus, from above it can be seen that while on the one hand inadmissible rebate was allowed in some cases, on the other hand penalties were not levied in some cases resulting in leakage of revenue amounting to Rs. 84.85 lakh.

The matter was reported to the Government in July 2001; reply had not been received (November 2001).

[♦] Ambassa: Rs. 0.57 lakh; Kumarghat: Rs. 0.26 lakh and Bishalgarh: Rs. 0.25 lakh.

[❋] Ambassa: Rs. 0.02 lakh; Kumarghat: Rs. 0.21 lakh; Bishalgarh: Rs. 0.08 lakh and Jirania: Rs. 0.41 lakh.

8.4 Short realisation due to computation of energy charges at lower rate

Computation of energy charges at lower rate resulted in short realisation of Rs. 6.08 lakh by two Electrical Sub-Divisions.

As per Tripura Electric Supply (Third Amendment) Conditions, 1992, the consumers under category of "G-Bulk Supply" are to pay electric energy charges at the following rates: (i) where the bulk consumption is at 400 volt and the maximum demand dues not exceed 63 KVA, the rate will be Rs. 1.20 per kwh subject to a monthly minimum charge of Rs. 3,600; and (ii) where the bulk supply is at 11 KV and the demand is 63 KVA and above but less than 630 KVA, the rate will be Rs. 1.10 per kwh subject to a monthly minimum charge of Rs. 18,000. From 1 April 1999, these rates were replaced by a single rate of Rs. 2 per kwh subject to a monthly minimum charge to be calculated at the rate Rs. 154 per KVA of the connected load.

It was noticed in test audit (April 1999 to July 2000) of two Electrical Sub-Divisions (G.B.Complex and Udaipur), bills raised against three consumers, pertaining to the period from April 1997 to November 1999, were not prepared according to the rates applicable to them. Although the consumers fell under sub-category (ii) above in each case the connected load was 100 KVA and bulk supply was at 11 KV, the amount payable from the consumers was calculated all along by taking the monthly minimum charge of Rs. 3,600 instead of Rs. 18,000 upto 31 March 1999 and Rs. 154 per KVA of the connected load thereafter.

Thus, computation of energy charges at lower rate resulted in short realisation of Rs. 6.08 lakh by the two Electrical Sub-Divisions (GB Complex: Rs. 4.06 lakh; Udaipur: Rs. 2.02 lakh).

The matter was reported to the Government in July 2001; reply had not been received (November 2001).

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The__________2002 **Comptroller and Auditor General of India**