CHAPTER III: PERFORMANCE AUDIT (CIVIL DEPARTMENTS)

PUBLIC WORKS DEPARTMENT

3.1 Pradhan Mantri Gram Sadak Yojana

Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched in December 2000 by the* Government *of India, for country wide implementation with the objective of providing road connectivity through all weather roads to all unconnected habitations having a population of above 1000 by the year 2003 and those having population between 500-999 (250-999 for NE states except Assam) by the year 2007. The desired objective could not be achieved in Tripura due to defective planning, giving more emphasis to inadmissible habitations, selection of roads in inaccessible and insurgency prone areas and delay in finalisation of tenders.

Highlights

While Rs. 24.75 crore released by Government of India were fully spent on BMS works during Phase I, the department could spend Rs. 22.76 crore only (44 *per cent*) as of March 2005 against the release of Rs. 51.85 crore during Phase II of the programme (2001-2003). The balance of Rs. 29.09 crore remained unutilised due to slow progress of works.

(Paragraph 3.1.9)

Against 1,917 identified unconnected habitations having population of 250 and above, the department targeted 402 habitations (21 *per cent*) to be covered by March 2005 of which 204 only were covered as of March 2005 indicating shortfall of 49 *per cent* with reference to targets. The shortfall in achievement of targets was 73 *per cent* in case of habitations having population of 1000 and above.

(Paragraph 3.1.10)

The department had spent Rs. 17.48 crore (37 *per cent* of total expenditure) on providing connectivity to 269 habitations having population less than 250 during 2000-05 in violation of the programme guidelines.

(Paragraph 3.1.10)

Rupees 3.30 crore, being excess over estimated cost on 41 works, were irregularly charged to PMGSY instead of being borne by the State Government.

(Paragraph 3.1.10)

For six Basic Minimum Services (BMS) works under Phase I of the programme, Rs. 43.39 lakh were obtained from Government of India in

excess by reporting requirement of funds of Rs. 69 lakh against the actual requirement of Rs. 25.61 lakh.

(Paragraph 3.1.11)

Against the release of funds of Rs. 28 lakh by Government of India on two road works (2.5 km each) under Phase I, expenditure of Rs. 38.10 lakh was charged to PMGSY. The works though not executed were reported to have been completed in January and March 2002 and the funds were diverted to State plan works.

(Paragraph 3.1.12)

Rupees 80.68 lakh spent on 10 BMS works, completed prior to launching of PMGSY, were charged irregularly to PMGSY by three programme implementation units. Also, an unspent amount of Rs. 6.14 lakh on three BMS works was also diverted to State plan works by Teliamura Division.

(Paragraph 3.1.13)

Introduction

3.1.1 The Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched by the Government of India as a cent *per cent* centrally sponsored scheme in December 2000 to assist the State Government in providing road connectivity through good all weather roads to all unconnected habitations having a population of 1000 and above by the year 2003 and every habitation having population between 500-999 (for North East and Tribal areas habitations with population of 250 and above) by the year 2007.

The programme was modified in January 2003 and November 2004. All ongoing works under erstwhile Basic Minimum Service (BMS) were to form a part of PMGSY work during 2000-01.

The Commissioner and Secretary of Public Works Department is responsible for implementation of the PMGSY in the State. He is assisted by the Chief Engineer (R&B), five Superintending Engineers (SEs) and 13 Executive Engineers. Government formed Tripura Rural Roads Development Agency (TRRDA), a body registered under the Cooperative Societies Act, 1860 in August 2003 to oversee and monitor the progress of works. The Chief Engineer (R&B) is the empowered officer of the TRRDA. The executing Public Works Divisions are the programme implementation units (PIUs).

Scope of Audit

3.1.2 The implementation of the programme for the period from 2000-05 was audited between January and August 2005. Records of Chief Engineer (R&B), PWD and TRRDA, all the four District Rural Development Agencies (DRDAs) and five Programme Implementation Units♣ (PIU) (out of 13) in two districts were test checked covering an expenditure of Rs. 21.62 crore (46 *per cent*) out of the total expenditure of Rs. 47.51 crore. The results of the performance audit are discussed in the succeeding paragraphs.

♣ Tripura West: Agartala IV, Teliamura and Sonamura,
Dhalai: Ambassa and Kumarghat.

Audit objectives

3.1.3 Performance audit was conducted to ascertain whether:

- the scheme for providing connectivity to unconnected habitations and upgradation of existing roads in rural areas have been carried out efficiently,
- the quantum of work involved in construction of road was assessed for covering the unconnected eligible habitations (population wise) and up-gradation of existing roads (fair weather roads) to fulfill the objectives,
- the policy formulated was based on realistic data and targets set were achievable,
- the assessment was made on annual capacity of the State depending on availability of manpower and materials,
- the criteria for inclusion and prioritization for upgradation of existing rural roads was well defined,
- technical and skilled manpower available was adequate for exercising effective control over project implementation,
- bottlenecks hampered the efficient and effective execution of works, and
- the monitoring system was qualitatively adequate and effective to achieve the desired objectives.

Audit criteria

3.1.4 The following audit criteria have been followed in conducting the performance audit:

- reliability and accuracy of data available on unconnected habitations ,
- proper estimation of road length and cost of construction,
- adequacy of planning for mobilization of additional funds, skilled manpower and materials,
- utilisaton of funds,
- proper tendering process and timely completion of works and projects,
- adherence to the prescribed norms and quality parametres, and,
- follow-up actions taken against defaulting contractors.

Audit methodology

3.1.5 Entry conference was held in January 2005 with Chief Engineer (R&B) PWD and Superintending Engineer (ex cadre) Planning Circle when theme-wise objectives and sub-objectives were handed over and discussed in brief. The Chief Engineer assured co-operation of the department and issued necessary instructions to all the functionaries concerned.

Exit conference was held in March 2005 with the Chief Engineer (R&B) PWD where SE (ex cadre) Planning Circle and Executive Engineer (Planning) were also present.

Programme implementation

Planning

3.1.6 According to the guidelines (December 2000) the objective of the programme was to provide connectivity through all weather roads to all rural unconnected habitations having a population above 1000 in three years (2000-2003). The revised guidelines (January 2003) further provide that all unconnected habitations with a population of 500 and above should be covered by the end of the Tenth Plan i.e. 2007 (for North East and Tribal areas the objective would be to connect habitations having population of 250 and above).

According to core network survey (December 2000) and information furnished by Rural Development Department to Government of India, the department identified 3,803 unconnected habitations. Against this, the department targeted 2,091 eligible habitations to be covered under PMGSY involving road works of 2,980 km length. Based on this information, values of the proposals (Rs.24.75 crore) for 194 works (511.99 km) under Phase I and (Rs.51.85 crore) for 54 works (206.07 km) under Phase II were cleared by Government of India.

Scrutiny of the records of the Chief Engineer, Agartala revealed that information on unconnected habitations (3,803) furnished by RD Department to Government of India earlier was provisional. After compilation and verification by Centre for Development of Advanced Computing (C-DAC) in August 2004, the number of eligible unconnected rural habitations actually identified was 3,684 of which 1,917 eligible habitations (52 *per cent*) were targeted for connection through good all weather roads by 2007. (**Appendix XX** gives the details of achievements as of March 2005).

Out of 106 road works (278.48 km) sanctioned by Government of India under Phase I and II of the programme for new connectivity, only 10 road works (35 km) were allocated for North Tripura district. Of these, six works (5 km) were completed providing connectivity to 11 habitations only (3.72 *per cent*) against 296 identified unconnected habitations, under Phase I of the programme as of March 2005 as reported by Chief Engineer (R&B), PWD. Thus, North Tripura district was least benefited in terms of rural connectivity through launching of PMGSY in December 2000. According to the Online Management and Monitoring Service (OMMS) report, habitations covered by new connectivity including ongoing works were shown as 31.

It was further noticed that the department delayed preparation of project proposals for Phase III and IV and submitted the proposals to Government of India only in January 2005. This was poor planning on the part of the department, and as a result, the State Government failed to obtain funds for the scheme.

Handing over of works

3.1.7 It was seen in audit that works in respect of eight roads under Phase II were handed over to National Building Construction Corporation (NBCC) for execution and Rs. 5.73 crore were placed with NBCC in November 2004 for this purpose.

In a meeting held in October 2004, chaired by the Joint Secretary (RC), Ministry of Rural Development (MoRD) where representatives from Ministry of Defence, Border Road Organisation (BRO) and Government of Tripura were present, it was decided that all the road works under PMGSY in Dhalai district would be handed over to BRO as the State Government found it difficult to get suitable civilian executing agencies to work in a certain part of the State. Formal approval of the MoRD was awaited (March 2005).

Delay in finalisation of tenders

3.1.8 According to PMGSY guidelines of January 2003 tenders were to be finalised within 120 days from the date of approval of projects. In Phase I, delay in finalisation of tenders ranged from three to six months in 18 cases (cost: Rs. 2.35 crore) and over six months in 49 cases (cost: Rs. 6.72 crore). In Phase II, delay was over six months in 54 cases (cost: Rs. 33.44 crore).

In district Dhalai test check revealed that delay in finalisation of tenders ranged from three to six months in three cases (cost: Rs. 73.27 lakh) and over six months in 35 cases (cost: Rs. 7.83 crore). Similarly in Tripura West delay ranged from three to six months in five cases (cost: Rs. 45.63 lakh) and over six months in 26 cases (cost: Rs. 8.08 crore).

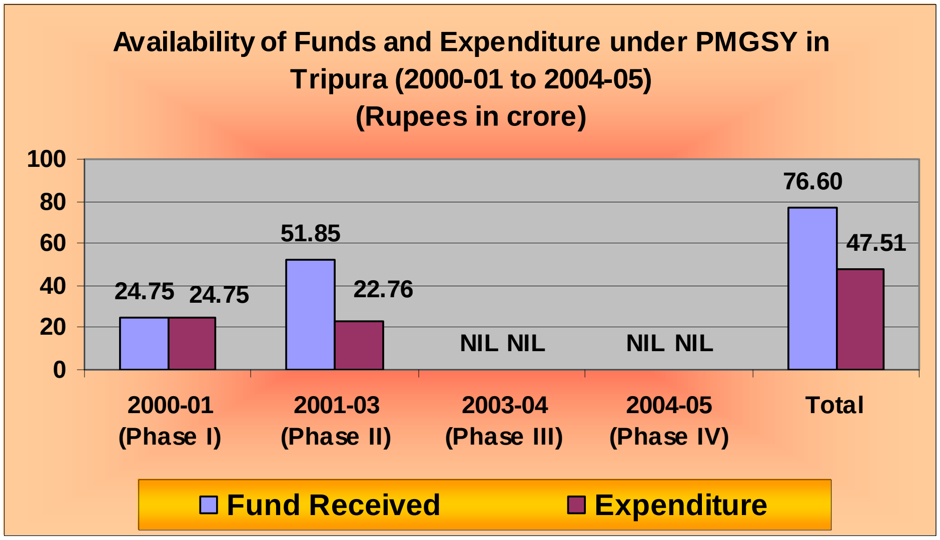
Delay was attributed, by PIU Ambassa, to non-response to call of tender, rejection of tenders due to high rate quoted by the tenderers, and acceptance of tenders after recall. In four cases tenders could not be finalised even after 13th call as there was no response from contractors.

Financial arrangements

3.1.9 The PMGSY is a cent *per cent* centrally sponsored scheme. Till the formation of TRRDA, funds were released by the GOI directly to all the four DRDAs in the State. DRDAs in turn placed the funds with the PIUs as per their requirements. Later the funds were required to be released by Government of India directly to TRRDA after its formation in August 2003. No funds were, however, released to TRRDA. The unspent balance lying with DRDA, was also to be transferred to TRRDA. Interest earned on the deposits was to form part of the PMGSY fund. The PIUs implemented the programme as deposit work on receipt of funds.

The phase-wise funds released by Government of India and expenditure incurred thereagainst were as below:

Chart 3.1



Source: The information furnished by PWD (R&B)

The above chart indicates that while Rs. 24.75 crore released were fully spent during Phase I, the department could only spend Rs. 22.76 crore (44 *per cent*) as of March 2005 against the release of Rs. 51.85 crore by Government of India during Phase II of the programme (2001-2003). The balance of Rs. 29.09 crore remained unutilized due to slow progress of works undertaken by the department.

In addition, Rs. 4.43 crore were spent on construction of 20 roads under PMGSY which did not connect any habitation (Rs. 2.24 crore met from the State fund). The Chief Engineer (R&B) stated (March 2005) that expenditure incurred was mainly on culverts under BMS work. The reply is not acceptable as it was noticed that Rs.65.64 lakh were spent on six road works♠ (according to OMMS data for the entire State) which did not benefit any habitation.

During Phases III & IV in 2003-04 and 2004-05 respectively no proposals were sanctioned and therefore no funds were released. The project proposals for Phase III (Rs. 59.06 crore) and Phase IV (Rs. 39.15 crore) of the programme were submitted to Government of India only in January 2005, approval for which were awaited (August 2005).

Interest of Rs. 17.07 lakh accrued on PMGSY fund was not transferred by the DRDA, North Tripura district violating the PMGSY Guidelines. On the basis of the instruction issued by Finance Department (December 2003) three DRDAs (West, South and Dhalai districts) deposited unutilized funds of Rs. 43.99 crore in Government account between January and March 2004

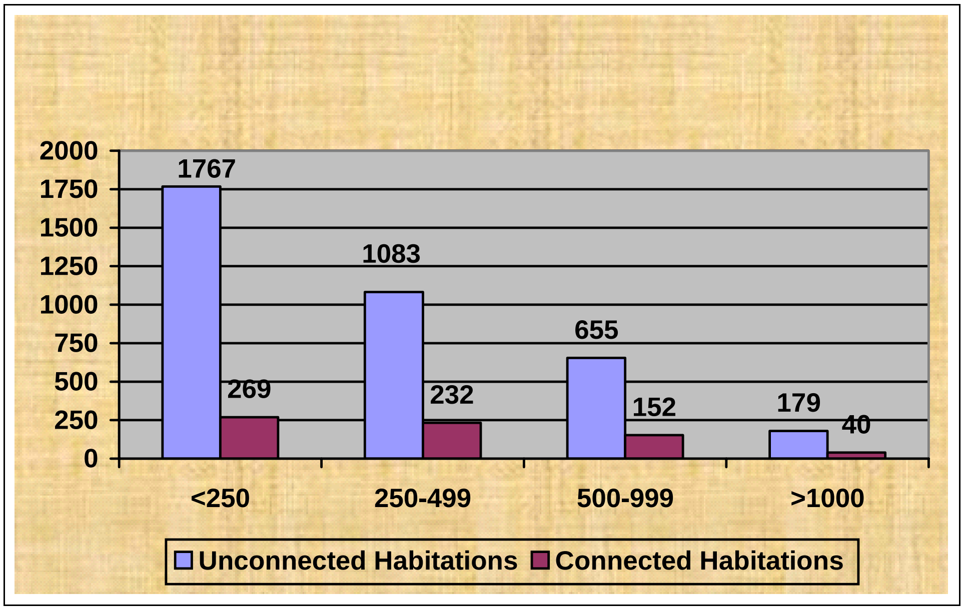
♠ (i) Dewanbari to Kimacharan Talukdar Para (NC), (ii) Bhagaban Nagar to Dephacheera (UG), (iii) K.K.Road to K.K.Road via Khashtilla (NC), (iv) Kathalia Barapathari (UG), (v) Taibandal Thalibari (UG) (Gr.I), (vi) Kathalia Barpathari (UG).

instead of transferring the funds to the TRRDA. However, the funds were withdrawn from Government account by the DRDAs between March and April 2004 and transferred to TRRDA. As a result, TRRDA lost interest of Rs. 22.60♦ lakh; due to utilisation of PMGSY fund by Government for 80 days.

Physical targets and achievements

3.1.10 Number of identified unconnected habitations at the launch of PMGSY in December 2000 and number of habitations connected (by providing new connectivity or upgrading existing road) as on 31 March 2005 in Tripura are shown in the bar chart. District-wise targets fixed for connecting habitations and achievement thereagainst as of March 2005 are shown in **Appendix XX**.

Chart No. 3.2



Against 1,917 identified unconnected habitations having population of 250 and above, the department targeted 402 habitations (21 *per cent*) to be covered by March 2005 of which 204 only were covered as of March 2005 indicating shortfall of 49 *per cent* with reference to targets.

The shortfall in achievement of targets was 73 *per cent* in case of habitations having population of 1000 and above.

The Government had fixed a very low target of only 74 habitations with a population of over 1,000 to be connected out of a total of 179 such habitations. Against this low target of 74, only 20 habitations could be connected.

♦

(i) Rs. 1905.00 lakh X 3.5% X 20 days =	Rs. 3.65 lakh
(ii) Rs. 689.88 lakh X 3.5% X 80 days =	Rs. 5.29 lakh
(iii) Rs. 776.70 lakh X 3.5 % X 79 days=	Rs. 5.88 lakh
(iv) Rs. 1027.08 lakh X 3.5 % X 79 days=	Rs. 7.78 lakh
Total =	**Rs. 22.60 lakh**

This again reflects poor understanding of the scheme (PMGSY) and defective planning by the Government as one of the objectives of the PMGSY was to connect all rural unconnected habitations with a population of over a thousand by 2003.

The Chief Engineer (R&B) gave (March 2005) the following reasons for shortfall in completion of the works.

- roads covered under Phase II were mainly in inaccessible and insurgency prone areas causing difficulty in mobilizing manpower and machinery,
- some identified roads required acquisition of land from private owners. The poor people in the villages who had small plots of land did not want to donate land,
- delay in finalisation of tenders, and,
- in some cases while road works were initially undertaken, all the bridges and culverts falling enroute were not mapped and included because of guideline restrictions on span of bridges. As a result roads completed in stretches could not be declared through as the bridges and culverts were yet to be sanctioned.

A survey may be undertaken by the Chief Engineer (R& B) to identify the road works which can be executed considering factors like availability of land, inaccessible and insurgency prone areas of the State, etc.

The Chief Engineer further stated that the balance uncovered habitations of above 1000 population would be covered by 2007. The reply was not convincing as the department actually covered 20 habitations (11 *per cent)* with reference to total unconnected habitations in respect of providing new connectivity during 2000-05 and the pace was too slow to successfully attain the goal within next two years.

The PMGSY guidelines do not permit connectivity of habitation having population less than 250. Against the target of 402 habitations having population of 250 and above, the department executed road works connecting 269 habitations (New connectivity: 146; Upgradation: 123) all of which had population less than 250 individually between 2000-2001 and 2004-2005 at a total cost of Rs. 17.48 crore (37 *per cent* of total expenditure). Details are given in **Appendix XX**. Thus, 67 *per cent* of the habitations, accounting for more than 36 *per cent* of the expenditure, selected for the programme were in violation of the criterion provided for in the PMGSY guidelines.

The State Government may take up the matter with Government of India for modifying the PMGSY Guidelines for accommodating the typical conditions prevailing in the State.

The Chief Engineer (R&B) stated (March 2005) that the habitations of less than 250 populations were basically covered under BMS programme which were sanctioned prior to launching of PMGSY for which there was no priority criteria under BMS. Large number of villages fell enroute from the starting point to the end point of the roads while connecting habitations having population of 1000 and above. This may be one of the reasons for covering habitation of less than 250 population.

The contention was not tenable as four works connecting twelve habitations of less than 250 population were executed under Phase II of the programme. Moreover, target was fixed to connect 229 habitations having population less than 250 according to the project profile prepared by the department.

The number of works sanctioned, taken up for execution and physical progress thereagainst during the period 2000-05 are as under:

Table No. 3.1

(Length in Kilometres)

Phases	Number of works sanctioned				Physical progress of works							
	New connectivity		Upgradation		Works completed				On going works			
					New connectivity		Upgradation		New connectivity		Upgradation	
	No	Length	No	Length	No	Length	No	Length	No	Length	No	Length
Phase I (2000-01)	58	92.21	136	419.78	58	92.21	136	419.78	-	-	-	-
Phase II (2001-03)	48	186.27	6	19.80	6	19.86	-	-	40	157.14	6	19.80
Total	**106**	**278.48**	**142**	**439.58**	**64**	**112.07**	**136**	**419.78**	**40**	**157.14**	**6**	**19.80**

Source: OMMS Report on Phase I and Phase II works of PMGSY.

Out of the 48 roads (under new connectivity) approved for phase II of the programme, Government of India later deleted (December 2004), two roads works[Ψ] involving a length of nine km (cost: Rs 2.48 crore) as the State Government could not make land available for these.

The details of district-wise works sanctioned and achievement thereagainst are shown in **Appendix XXI**.

All the works selected for Phase I (2000-01) were nothing but the 194 ongoing works of erstwhile Basic Minimum Service (New connectivity 58 and upgradation 136) involving a total length of 511.99 kms. Out of these, 13 works did not qualify in terms of the criteria laid down for their selection. The works were taken up and completed between January 2002 and August 2004 at a cost of Rs. 30.06 crore though these were due for completion by March 2002. In phase II, against 46 new works, only six works had been completed (March 2005) at a cost of Rs. 4.56 crore and 40 works were reported in progress.

According to the PMGSY guidelines, if tendered value exceeds the estimated cost cleared by the Ministry, the difference (tendered premium) should be borne by the State Government. It was noticed that in 41 works at Ambassa, Kumarghat, Sonamura and Teliamura funds for tendered premium were not borne by the State Government. Instead, the total amount of Rs. 3.30 crore was directly charged to PMGSY fund by the PIUs in violation of the

[Ψ] Uttarpara to Kamalnagar (2 km), Langthrik to NEC road via Damdial (7 km).

guidelines. The reason for charging the tendered premium to PMGSY fund was reportedly due to non release of its share by the State Government.

A system should be put in place to provide funds by the State Government to TRRDA to avoid charging PMGSY fund on account of tendered premium.

Records of the Ambassa, Kumarghat, Teliamura and Sonamura Divisions indicated that Income Tax and Tripura Sales Tax of Rs. 14.30 lakh and Rs. 13.94 lakh respectively, though recovered from the contractor's bill between March 2004 and March 2005, were not paid to the respective tax authorities, reportedly due to non-intimation of the names of the Statutory Authorities to the Bank by the Empowered Officer.

The empowered officer stated (March 2005) that the names of the Statutory Authorities had already been intimated to the Bank. But remittance on this account was still awaited (May 2005).

Misreporting to Government of India

3.1.11 For construction of road Ramnagar to Durlavnarayan, funds of Rs. 34 lakh were obtained from Government of India showing the estimated cost of Rs. 46.53 lakh under Phase I of the programme. During test check of records of Agartala Division IV, it was noticed that the work was executed as upgradation (improvement of road) and the estimated cost of the work actually was Rs. 14.98 lakh. Thus, there was misreporting to Government of India regarding requirement of funds. However, it was noticed that the work was completed in October 2002 at a total cost of Rs. 25.15 lakh.

In respect of five BMS works, against the actual completion of works between April 1998 and February 2001 (April 1998, March 2000 (two works), April 2000 and February 2001), the date of completion was reported to Government of India as January 2002. Funds of Rs. 35 lakh was obtained from Government of India under Phase I against actual requirement (liabilities) of Rs. 10.63 lakh.

Thus, funds of Rs. 43.39 lakh was obtained from Government of India in excess of actual requirement through misreporting in these six cases test checked.

In respect of another six cases, the works were reported as completed in January 2002 (four works) and August 2004 (two works) though these were actually in progress at the time of reporting. It was noticed in audit that two works were still in progress (August 2005).

Non execution of road works

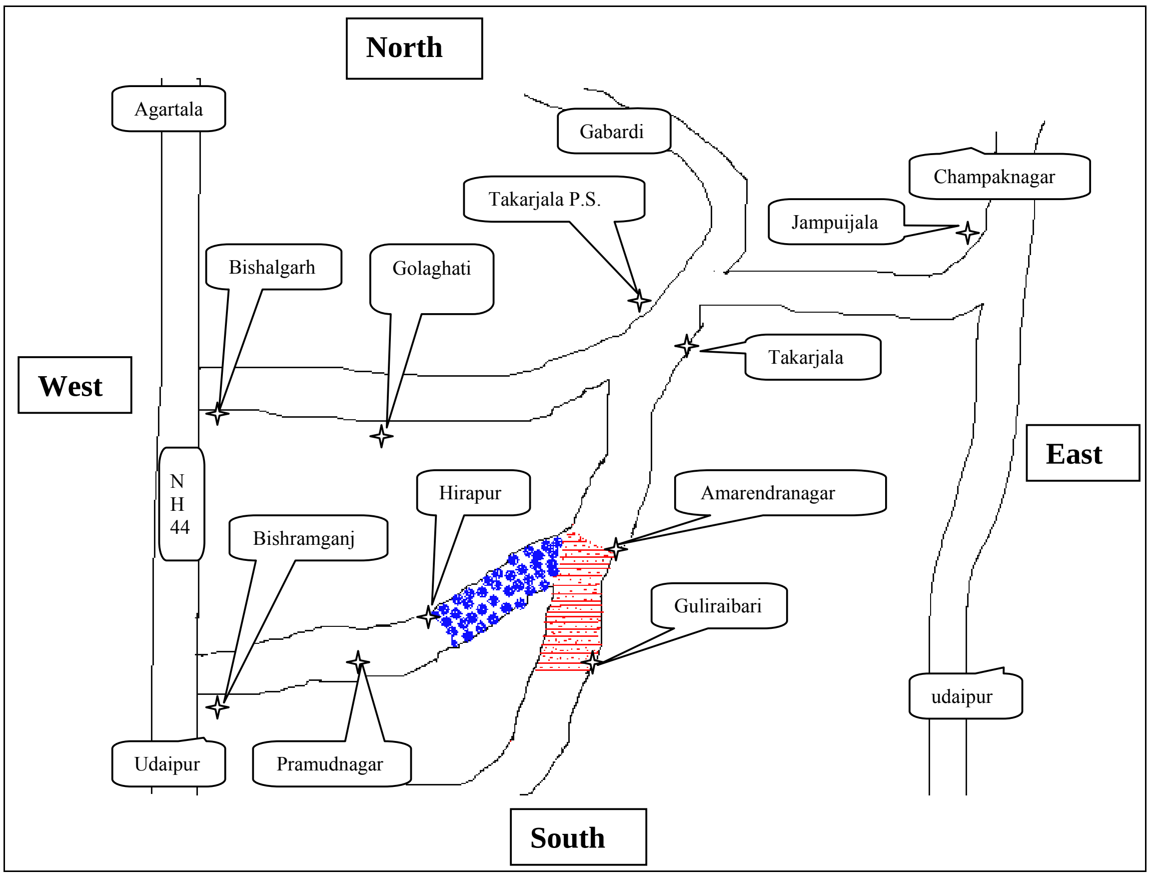
3.1.12 Rupees 16 lakh was sanctioned by Government of India for the road work "Amarendranagar to Guliraibari" (2.5 km) under Phase I of the programme. The Executive Engineer, Agartala Division IV reported (February 2005) that the work was completed in April 2001 at a total cost of Rs. 26.10

lakh. But in the Online Management and Monitoring Service (OMMS) report, the completion of the road was shown as January 2002.

Test check of the PIU, Agartala Division IV revealed that an agreement was entered into (June 2000) with contractor 'A' for the road work "Amarendranagar to Hirapur" instead of the work "Amarendranagar to Guliraibari". The location of the two roads is shown in a rough sketch below:

The contractor was paid Rs. 26.10 lakh in March 2002, but the expenditure was charged to PMGSY by showing the road work "Amarendranagar to Guliraibari" as completed.

Sketch (not to scale)



The Sub-divisional Officer (PWD), Takarjala reported (July and August 2005) that work was not done on Amarendranagar to Guliraibari road. The PIU stated that the road work on Amarendranagar to Hirapur road was taken up considering the deteriorated conditions of the road and *ex-post-facto* approval would be obtained.

The reply is not tenable as execution of work without approval from Government of India and misreporting to the effect that the work was completed was irregular.

In another work for improvement of road from Jampuijala to Gurupada Colony (2.5 km), Rs. 12 lakh were released by Government of India under Phase I (2000-01) of the programme. The road was also shown as completed in January 2002 according to OMMS report.

Test check revealed that the work was awarded to contractor 'B' in December 1997 at a tendered value of Rs. 17.92 lakh. The work was subsequently terminated (August 2000) by the Executive Engineer forfeiting the amount of security deposit as the contractor failed to start the work in spite of several reminders. The Sub-divisional Officer (PWD), Takarjala accordingly reported (July 2005) that practically no work was done on the road. But the PIU (Executive Engineer) irregularly charged the expenditure of Rs. 12 lakh to PMGSY through transfer entry in March 2002. The reasons for booking the expenditure without execution of work were not stated by PIU.

Diversion of funds

3.1.13 According to the guidelines all works sanctioned under erstwhile BMS programme, which could not be completed before launching the PMGSY, would be taken up under this programme during 2000-2001. Records of the PIUs, Ambassa and Kailasahar indicated that seven works were completed under BMS before launching PMGSY (Ambassa: one work of Rs. 5.32 lakh; Kailasahar: six works of Rs. 51.66 lakh) but the expenditure was irregularly charged to PMGSY fund in March 2002.

In Teliamura Division, three works under BMS were constructed at a total cost of Rs. 23.70 lakh and completed between May 1988 and November 1997 and payment to the contractor was made between April 1989 and February 1998 but the expenditure was irregularly charged to PMGSY in March 2002 through transfer entry. It was further noticed that in other three road works, against the release of funds of Rs. 42.30 lakh, the works were completed during 2001-2002 at a total cost of Rs. 36.16 lakh. The unspent amount of Rs. 6.14 lakh was diverted by the Division to other State plan works by charging to PMGSY funds. Thus, Rs. 80.68 lakh was diverted on 10 BMS works and Rs. 6.14 lakh on State plan works.

The Chief Engineer stated (March 2005) that though the construction of roads was completed under BMS but some payments were due to be paid to the contractors. Subsequently the amount was paid out of the amount sanctioned by the Government of India under Phase I of PMGSY.

The reply is not acceptable as funds of Rs. 77.60 lakh were obtained from Government of India against nine BMS works under PIUs, Kailashahar and Teliamura which were completed and payments made prior to launching of PMGSY but subsequently charged to PMGSY in March 2002 through transfer entry.

Inadmissible works

3.1.14 The guidelines provide that the ongoing works under BMS which were not completed prior to launching of PMGSY will form a part of PMGSY works.

Test check of the records of Agartala Division IV revealed that two road works under Border Area Development Programme (BADP) were completed at a total cost of Rs. 26.15 lakh between April 2000 and April 2001 but were irregularly charged to PMGSY. The Executive Engineer stated (August 2005) that these works originally were under MNP and renamed as BMS.

The contention was not tenable as the agreement with the contractor was executed (1998-99 and 2000-01) under BADP.

Similarly, in Sonamura Division one bailey bridge (45 metre span) sanctioned under Border Area Development Programme and not under PMGSY was constructed at a total cost of Rs. 70.51 lakh in May 2000 and the expenditure was charged to the head of account 5054 Capital Outlay on R&B, BADP. On receipt of funds of Rs. 55 lakh in October 2001 under PMGSY, the expenditure of Rs. 55 lakh was charged to PMGSY through transfer entry in April 2002. Reasons for booking the expenditure under PMGSY through transfer entry could not be stated by the Division.

Thus, PMGSY fund of Rs. 81.15 lakh was irregularly diverted to the works not covered by the programme.

Unapproved work execution

3.1.15 The work improvement of road Garurbazar (Charilam to Herma via Chowmuhani 2.50 km to 4.70 km) / widening, soling, metalling, carpeting and road side drain was awarded to contractor 'A' on June 2003. The contractor was paid Rs. 16.75 lakh between September 2004 and June 2005 and the expenditure was charged to PMGSY under Phase I of the programme.

The approved list of PMGSY works under Phase I indicated that no such work was sanctioned by the Government of India.

The PIU, Agartala Division IV stated (August 2005) that the case would be adjusted by withdrawing the debit through transfer entry.

Existence of a road shown as constructed not confirmed by records

3.1.16 Improvement of road from Dewanbari to Kimacharan Talukder Para in Salema Block under Dhalai district was shown as completed in January 2002 at a cost of Rs. 10.50 lakh on the basis of reports of SE (ex cadre) and Online Management and Monitoring Service (OMMS). However, it was noticed during audit that there was no mention of the road in the records of PIUs Ambassa or Kumarghat. The District Programme Implementation Unit (DPIU)

(SE 1st Circle) Kumarghat and SE (ex cadre) Planning, Agartala also could not clarify the position.

The Chief Engineer stated (March 2005) that the road was under Pecharthal Block under the jurisdiction of PIU, Kanchanpur Division. However, the information furnished to Audit by PIU, Kanchanpur also did not indicate that the road was in the jurisdiction of that division.

Extra expenditure

3.1.17 According to PMGSY guidelines, the excess expenditure over the sanction and release of funds by Government of India are to be borne by State Government.

Records of the PIU, Agartala Division IV indicated that in respect of seven ongoing BMS works against estimated cost of Rs. 1.12 crore, funds of Rs. 77.25 lakh were released by Government of India towards discharging the liabilities of the State Government in respect of Phase I of the programme. All these works were completed between April 2001 and April 2005 at a total cost of Rs. 1.15 crore and the entire cost was charged to PMGSY. Thus, Rs. 37.28 lakh being the excess amount over the release of funds was irregularly charged to PMGSY fund.

The PIU stated that the amount was charged to PMGSY as per actual expenditure, but the reasons for booking the excess expenditure were not stated

Excess expenditure

3.1.18 According to PMGSY guideline bridges/culverts upto 12 metre span were admissible. The cost of the bridge and culvert of length more than 12 metres was to be borne by the State Government. In November 2004 the span was increased to 25 metres. In case the span of the bridge exceeded 25 metres the pro-rata cost for the portion beyond 25 metres was to be borne by the State Government.

It was noticed in audit that in Dhalai District two bailey bridges, having a span of 45.72 metre each, were constructed (one each at Gandacherra and Rajdhar Cherra) at a total cost of Rs. 1.52 crore in January 2002 and June 2003 under PMGSY. Similarly, in West District five bailey bridges having span of 24 metre, 39.39 metre, 39.39 metre, 21.21 metre and 18.18 metre respectively were constructed on Takarjala to Sambaria road, Khowai to Champahaor road and on GM road at a total cost of Rs. 1.88 crore between May 2001 and March 2004 under PMGSY. Since, the span of these bridges were more than 12 metres and as they were constructed prior to November 2004, booking of expenditure under PMGSY was irregular.

The PIUs stated (March 2005 and August 2005) that these bridges were constructed according to the approval of the Government of India. This indicated that Government of India sanctioned the works violating its own norms.

The Chief Engineer stated (March 2005) that the two bailey bridges having span of 45.72 metres each were constructed under the erstwhile BMS programme. These were enblock sanctioned by Government of India.

Undue financial aid to contractor

3.1.19 The PMGSY guidelines do not permit expenditure on procurement of materials and its issue to the contractor. It was, however, noticed that 37.88 MT of bitumen (Rs. 5.89 lakh) and 6.08 lakh bricks (Rs. 15.74 lakh) were procured at a total cost of Rs. 21.63 lakh by Agartala Division IV under PMGSY and issued to the contractor from time to time in connection with the work on Madhupur to Kamthana road via Kaiyadepa (Phase II) in violation of programme guidelines.

The PIU stated (August 2005) that the cost of the materials was recovered from the contractor.

Though the cost of the materials was fully recovered, issue of materials to the contractor in violation of the guidelines resulted in undue financial aid to the contractor.

Unauthorised expenditure

3.1.20 According to Delegation of Financial Power Rules (DFPR), Tripura, 1994, the power of Superintending Engineer (SE) in sanction of expenditure on additional items / substitute items is upto Rs. 3 lakh. It was noticed that SE (PWD), fourth Circle, Agartala provisionally sanctioned (February 2005) Rs. 7.19 lakh on tentative deviation statement which included nine extra items. Of this, Rs. 6.35 lakh were paid to the contractor (second RA bill) in July 2005 for extra items only in connection with the work of construction of road Malaynagar to Rayerpara under Phase II of the programme.

Thus, incurring of expenditure in violation of DFPR was unauthorized. The PIU stated that it would be regularized after obtaining the approval from Chief Engineer.

Bank guarantee

3.1.21 It was seen that no bank guarantee as stipulated in the scheme guidelines was obtained from the contractors. Instead a provision was made by the State Government in the contract that the security deposit would be 10 *per cent* of the contract value without any ceiling. Earnest money deposited before issue of work order would also form part of security deposit. This was a deviation from the PMGSY guidelines.

The Chief Engineer stated (March 2005) that the bank guarantee provision relates to the works for Phase III onwards only. All the agreements executed for Phase I and II works were in standard PWD Form 7 and 8, and hence bank guarantee was not obtained from the contractors.

The contention was not tenable because the revised guidelines providing for obtaining the bank guarantees from the contractors came into effect from 15 January 2003 and records of 4 PIUs test checked, indicated that 22 Road works (Phase II) were taken up thereafter between March 2003 and October 2004 without obtaining any bank guarantee from the contractors.

Non-maintenance of account

3.1.22 Accounting procedure of the PMGSY provides that separate sets of Cash Book, Register of works, Contractors Ledger, Deposit Register, monthly accounts and balance sheet shall be maintained by the PIUs. The monthly accounts and balance sheet shall be submitted to TRRDA by the 5th of the next month.

It was noticed in audit that these books of accounts and balance sheet were not maintained and submitted to TRRDA. In the absence of these records it was not possible to verify the expenditure incurred and works carried out.

Maintenance of separate sets of accounts may be ensured.

Quality Monitoring and Control Mechanism

3.1.23 The PMGSY envisaged a three tier quality control mechanism where the executing agencies at the work level shall be the first-tier, second-tier would be at the State level wherein the State is to appoint agency/person as State Quality Monitor (SQM) and the third tier would be at National level where the Government of India would appoint agencies/person as National Quality Monitor (NQM). Both SQM and NQM were to inspect the quality of road works as frequently as possible.

It was noticed in audit that the Government appointed (January 2004) SQM which inspected nine roads and graded four works as good, two as average and no grading was recorded in respect of three works. NQM inspected 55 works and graded 14 works as very good, 25 works as good, eight works as average and five works as poor. In respect of three works no grading was found on record. The reports of the NQM are required to be sent to the State Quality Coordinator for appropriate action. But the PIUs could not produce any records to Audit in respect of any action taken at any level on the reports of NQM.

Evaluation

3.1.24 For evaluation of implementation of the programme, impact study highlighting the socio-economic parametres, is required to be conducted by an independent agency. This study would have enabled the department / nodal agency to adopt a more focussed approach for better performance.

It was noticed that the department had neither evaluated the programme implementation nor got it done by any other agency. As such, it could not be ascertained as to what extent the connectivities provided through all weather roads had achieved the desired objectives.

Assessment of the impact of the performance on habitations covered in terms of proposed objectives and socio-economic parametres should be carried out by an independent agency.

Conclusion

3.1.25 The desired objective of the PMGSY to connect unconnected habitations through all weather roads by March 2005 could not be achieved due to improper planning and laying more emphasis on inadmissible habitations, selection of roads in inaccessible and insurgency prone areas and delay in finalisation of tenders.

Recommendations

- A survey of the habitations meeting PMGSY criterion should be undertaken by the Chief Engineer (R& B) to identify the road works which can be executed considering the availability of land, inaccessible and insurgency prone areas of the State.
- State Government should approach the Government of India for modifying PMGSY Guidelines to cater to the conditions prevailing in the State, like coverage of habitation with population less than 250, inclusion of culverts, and execution of work by BRO in insurgency prone areas.
- State Government should provide funds to TRRDA to bear tendered premium to avoid it being charged to the PMGSY fund.
- Maintenance of separate sets of accounts as per PMGSY guideline should be ensured to facilitate verification of works executed and the expenditure incurred thereon.
- Impact evaluation should be done to facilitate better planning for subsequent phases.
- National Building Construction Corporation and Border Road Organisation strategies should be adopted in respect of the works similar to the rural road projects being executed by them in the State.

FOOD, CIVIL SUPPLIES AND CONSUMER AFFAIRS DEPARTMENT

3.2 Material Management in the Food, Civil Supplies and Consumer Affairs Department

Material management in the Food, Civil Supplies and Consumer Affairs Department was unsatisfactory as the population covered under PDS exceeded the total projected population of the State, there was total dependence on Food Corporation of India (FCI) in regard to procurement of rice, despite availability of considerable quantity of locally grown rice, as well as shortfall in identification of targeted number of beneficiaries under different schemes. The objective of ensuring food security to the people of the most remote localities was frustrated due to the absence of fair price shops in those areas. Dilapidated condition of godowns, lack of approach roads combined with non-availability of guard sheds, the absence of toilets and drinking water facilities in the godown complexes and shortage of manpower rendered the store management deficient.

Highlights

Existence of 19,897 ration cards in excess of the population during the years 2001-03 resulted in excess lifting of 5,852 tonnes of rice valued at Rs. 3.64 crore.

(Paragraph 3.2.7)

Procurement of rice from FCI under Public Distribution System (PDS) and other schemes ignoring local production had resulted in marketable surplus which led to distress sale by paddy growers of the State.

(Paragraph 3.2.8)

Due to incomplete identification of beneficiaries under the targeted groups of Below Poverty Line (BPL) and Antyodaya Anna Yojana (AAY), subsidised rice worth Rs. 19.28 crore failed to reach the eligible households.

(Paragraph 3.2.9)

Issue of delivery orders for excess quantities totalling 1,697.7 tonnes of rice, by the delivery order issuing authority to the dealers of fair price shops attached with 12 godowns, amounted to Rs. 1.03 crore.

(Paragraph 3.2.10)

Introduction

3.2.1 The Food, Civil Supplies and Consumer Affairs Department in Tripura was created in 1969 to provide food security to the people of the State. The department has been entrusted with the task of procurement, storage and distribution of foodgrains and other ration commodities to the entire population of the State at lower, affordable and subsidised prices.

The department is headed by a Commissioner and Secretary. He is assisted by a Director, who in turn is assisted by an Additional Director[♣] and a Controller of Supplies and Distribution at the State level and by 15 Sub-Divisional Magistrates at Sub-Divisional level, an officer-in-charge, Agartala Rationing Authority and one Deputy Director (Food) at Dharmanagar in North Tripura District.

Scope of Audit

3.2.2 To assess the performance of Material Management of the department, a review was conducted between March - May 2005 by test-check of records of Directorate of Food, Civil Supplies and Consumer Affairs, Agartala, officer-in-charge, Agartala Rationing Authority, Deputy Director (Food), Dharmanagar, five Sub-Divisional Magistrates[Ξ] out of 15 in three districts[Θ] out of four and records of 23 godowns located in these areas out of 103 in the State.

Audit Objectives

3.2.3 The audit objectives were to ascertain whether:

- the ration card population was realistic,
- ration card population covered entire State efficiently for the purpose of providing food security,
- policy adopted ensured the lifting of entire allocated quantity of foodgrains from Food Corporation of India (FCI) on time,
- the arrangements for transportation of foodgrains were effective in providing food security to entire ration card population,
- the food storage capacity and facilities in the State were adequate,
- the godowns were provided with requisite manpower for efficient and effective functioning of godowns,
- physical verification of stores were conducted regularly,
- scientific weighing machine had been introduced for receipt and despatch of foodgrains and
- efforts were made by the department to ensure requisite quality of foodgrains supplies in the State.

Audit criteria

3.2.4 To fulfill the audit objectives, the following audit criteria have been followed in conducting the audit review:

- existence of records relating to issue of ration cards,

[♣] The post was vacant from January 2004.
[Ξ] Bishalgarh, Udaipur, Sonamura, Dharmanagar and Kailashahar.
[Θ] Tripura West, Tripura South and Tripura North.

- reliability of the data base used for identification of various categories of ration card population and assessment of requirement of foodgrains taking into account the local production of rice in the State,
- lifting foodgrains from FCI against the allotments made by Government of India,
- financial assistance from the Government of India for transportation of foodgrains as well as for running mobile ration shops and the utilisation of funds thereof,
- adequacy of godown capacity,
- planning and monitoring the works of construction of new godowns,
- manning of godowns,
- storage / handling losses beyond the permissible limit,
- availability of weighing machines,
- availability of laboratory facilities in the department for quality tests of the foodgrains distributed under Public Distribution System (PDS).

Audit Methodology

3.2.5 An entry conference was held (22^{nd} March 2005) with the Director of Food, Civil Supplies and Consumer Affairs and other officers / officials of the Directorate Office. Audit objectives and criteria were explained in brief and co-operation sought in making available all records required for the audit review. Monthly Bulletins published by the department and information collected through an Audit questionnaire were used as evidence.

Audit Findings

3.2.6 Financial arrangements

Mention was made in Para 3.2.5 of the Audit Report for the year ended March 1999 that from April 1994 the department had been procuring the foodgrains (rice and wheat) by taking loans on cash credit basis through the Reserve Bank of India (RBI). Rice and wheat were procured out of cash credit by advance deposit of funds to Deputy Manager, FCI, Agartala.

The expenditure on procurement of other items like sugar and salt was, however, met out of budget provision upto July 2004. In August 2004, the Finance Department released Rs. five crore as one time assistance for procurement of sugar and salt and accordingly a revolving fund account was opened in the State Bank of India (SBI), Agartala in favour of Director, Food, Civil Supplies and Consumer Affairs (FCS & CA) and since then sugar and salt were being procured out of the said revolving fund.

Budget provision and expenditure

Year-wise budget provision and expenditure incurred during 2000-01 to 2004-05 (July 2004) for procurement of foodgrains on PDS items were as under:

Table No. 3.1

(Rupees in crore)

Year	Budget provision	Funds released by Finance Department	Expenditure incurred	Excess (+) Savings (-)	
				(2-3)	(3-4)
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
2000-01	47.02	46.87	45.57	(-) 0.15	(-) 1.30
2001-02	43.67	41.78	40.72	(-) 1.89	(-) 1.06
2002-03	35.52	35.52	35.07	-	(-) 0.45
2003-04	30.00	23.21	23.11	(-) 6.79	(-) 0.10
2004-05	12.00	12.00	12.00	-	-
Total	**168.21**	**159.38**	**156.47**	**(-) 8.83**	**(-) 2.91**
				Total savings:	**11.74 crore**

Source: Statement furnished by the Directorate of Food, Civil Supplies and Consumer Affairs.

Note: Expenditure of Rs. 12 crore during 2004-05 includes Rs. five crore being transferred to Revolving Fund.

The above table indicates that there were savings of Rs. 11.74 crore (Rs. 8.83 crore due to short release of funds by the Finance Department) during 2000-05. The Director attributed (July 2005) the savings to non-induction of adequate stock of sugar in the State by the FCI, adjustment of funds lying with FCI for short supply of sugar in earlier years, and non-release of Railway rakes against indents for salt placed by the State Government.

Issue of ration Cards

3.2.7 In sub-divisions, ration cards were issued by the Sub-Divisional Magistrate (SDMs) but in case of Sadar Sub-Division (Agartala Municipal Area) these were issued by the officer-in-charge, Agartala Rationing Authority (ARA) on production of proof of residence of the applicant. Neither the sub-divisions nor the department maintained fair price shop (FPS) wise records to ascertain at any point of time the rationing population‡ of the State, covered under Public Distribution System (PDS) and other schemes♣.

The projected population, rationing population and the excess ration cards issued in the State during 2000-01 to 2004-05 were as under:

‡ Rationing population: Means total number of person (s) recorded in the ration cards issued against households of the State.

♣ Above Poverty Line (APL), Below Poverty Line (BPL), Antyodaya Anna Yojana (AAY) and Annapurna (ANP).

Table No. 3.2

Year	Total projected population of the State	Total rationing population	Excess rationing population (3 – 2)	Number of ration cards	Average members per card (3 / 5)	Estimated number of ration cards involved with excess rationing population (4 / 6)
1	*2*	*3*	*4*	*5*	*6*	*7*
2000-01	31,99,203	32,26,613	27,410	NA	NA	NA
2001-02	32,45,912	33,36,798	90,886	6,78,210	4.9	18,548
2002-03	32,93,303	32,99,510	6,207	7,13,176	4.6	1,349
2003-04	33,41,386	33,35,713	-	7,24,945	4.6	-
2004-05	33,90,170	33,48,078	-	7,26,915	4.6	-

Source: Census Report read with Economic Review of the Government of Tripura and the information furnished by the department and the Government.

The table above would show that the department did not furnish information regarding total ration cards issued during 2000-01. Further, the figures furnished by the department in respect of total projected population and total rationing population in the State were later revised stating that the earlier figures furnished to Audit were provisional. The ration card population was more than the projected population of the State. The difference was 90,886 in 2001-02 and 6,207 in 2002-03. These excess rationing population involved issue of 18,548 and 1,349 (estimated) excess ration cards respectively during the years.

Existence of 19,897[±] excess ration cards during 2001-03 also involved excess lifting of 5,852 tonnes of rice valued at Rs. 3.64 crore[♦], calculated at the quantum of rice required to be issued against each ration card in accordance with norms[►] fixed by the Government of India. The possibility of diversion of these quantities of rice illegally to the local market could not be ruled out.

The Inspector of Food (FCS&CA) in respect of urban areas and Inspector of Food / Panchayat Secretaries in respect of rural areas were required to be engaged by SDMs concerned to verify the ration cards with reference to card holders' register / Panchayat register and updated voters' list of urban / rural areas respectively. But the records regarding verification of ration cards with reference to card holders' registers, panchayat registers, updated voters' list and *percent*age check of the field work by the supervising officers engaged for the purpose were not made available to Audit by three SDMs[Ψ], test-checked.

[±] 19,897 excess ration cards in 2001-02 and 2002-03 = 18,548 + 1,349 as in table above.

[♦] Worked out taking the average procurement price (Rs. 6225 per tonne) of rice for APL, BPL and AAY.

[►] From April 2000 to June 2001 @ 20 kg per card per month
From July 2001 to March 2002 @ 25 kg per card per month
From April 2002 to date @ 35 kg per card per month

[Ψ] Bishalgarh, Udaipur, Dharmanagar.

The department detected (October 2003) 15,630 excess rationing population over projected population. But it did not make any effort to identify and eliminate the bogus ration cards, connected with this excess rationing population.

In the absence of all these records and information, Audit could not verify the correctness of number of ration cards (year and category-wise) issued and ration card population actually covered under PDS and reported to Government of India for the purpose of allocation of quota for the State. The department did not furnish any reason for not carrying out the inspection by the supervisors engaged for the purpose.

The Director stated (June 2005) that the matter relating to identification and elimination of bogus ration cards would be taken up with the Sub-divisional Magistrates (SDMs). It was further stated (August 2005) that instructions have been issued for verifying ration card population/household population with local records of the Sub-division (ration card register and panchayat family register).

Requirement of foodgrains – procurement thereof

3.2.8 Tripura, surrounded by an international border, is a deficit State in the matter of production of rice. The State was fully dependent on FCI to meet the requirement of rice under the Public Distribution System (PDS) and various welfare schemes (ANP, SGRY, NPNSE etc) during 2000-05.

To eliminate over dependency on FCI and to avoid transportation problem and loss in transit, the Government of India circulated (April 2000) a concept paper for decentralization of procurement of foodgrains in deficit States and marginally surplus States. According to the paper, in the event of procurement of foodgrains from local growers, the Government of India would reimburse the State, as subsidy, the difference between the actual procurement price and the central issue price. The Government of India also assured central assistance, according to requirement of the State, for efficient administration and storage network. Despite this, the State Government did not make local procurement on the plea that Tripura was a deficit State in production of foodgrains.

The local production of rice was sufficient to meet 81 to 98 *per cent* of the actual requirement of the State during the years 2002-05. The department neither adopted the system of local procurement nor did it take into consideration the local production of rice while assessing its requirement for lifting from FCI. As a result, there was constantly increasing marketable surplus[♦] of 52,582, 75,512 and 2,19,310 tonnes in the State during 2002-03, 2003-04, and 2004-05 respectively, which constituted 27, 35 and 94 *per cent* respectively of the total quantity lifted from FCI as detailed below:

[♦] Marketable surplus: Local production *plus* quantity lifted from FCI *minus* actual requirement.

Table No. 3.3

Year	Total projected population	Total requirement of rice (in tonnes)[♠]	Quantity of rice (in tonnes)			Marketable surplus (in tonnes) (6 – 3)
			Produced locally	Lifted from FCI	Total available (4 +5)	
1	*2*	*3*	*4*	*5*	*6*	*7*
2002-03	32,93,303	7,43,772	6,02,412	1,93,942	7,96,354	52,582
2003-04	33,41,386	7,54,631	6,16,830	2,13,313	8,30,143	75,512
2004-05	33,90,170	7,65,648	7,52,000	2,32,958	9,84,958	2,19,310

Source: Information furnished by the department.

In addition to the quantity of rice lifted from FCI by the department, the local merchants also imported rice at an average 15,220 tonnes[•] per year from outside the State for sale in the open market. This has, however, not been taken into account for determining the marketable surplus.

Minutes of the meetings held in July 2002 between Secretary, Co-operation Department and representative of Tripura Apex Marketing Co-operative Society revealed that due to increase in marketable surplus, the local growers had to resort to distress sale[►] of paddy during the year 2002-03. Considering the alarming situation, it was decided (July 2002) to procure paddy through the representatives of the Co-operation Department at the support price for onward disposal through PDS after converting the stock of paddy into rice. There was, however, nothing on record to indicate any positive development towards procurement of rice from local growers, and the State continued to be fully dependent on FCI as of March 2005.

A review of the Government policy may be considered to avoid adverse impact on local growers of foodgrains due to increasing trend of marketable surplus in the State since 2002-03.

The Director stated (June 2005) that adopting the decentralised system of procurement could lead to rise in prices of rice and consequently of other essential items since Tripura was a deficit State and there was no report of distress sale with the department. The contention of the department is not tenable as there was substantial production (as per data made available to Audit) and the incidence of distress sale of paddy in the State was intimated by the Co-operation Department to the Director of FCS&CA.

[♠] The requirement of foodgrains has been calculated @ 182.5 kg per head per year + wastage @ 12.5% + pipeline 10%.

[•] Total procurement during 2000-2005 was 76,100 tonnes. Therefore, average procurement per year = 15,220 tonnes (76,100 tonnes ÷ 5).

[►] Distress sale: Sale of foodgrains at rates lower than normal rate due to presence of marketable surplus.

Shortfall in identification of targeted group

3.2.9 The Government of India launched the Antyodaya Anna Yojana (AAY) Scheme in December 2000. Under the Scheme, 45,224 poorest of the poor households, being 15.33 *per cent* of 2.95 lakh BPL households in Tripura, were to be provided with rice at the special subsidized rate (Rs. three per kg). The FCS & CA Department was to identify 45,224 households from among the BPL households. The Government of India subsequently expanded the AAY scheme (June 2003) by increasing the *percent*age from 15.33 to 23. Accordingly, the department was required to identify an additional number of 22,700 households from the existing BPL families. The Council of Ministers approved (November 2003) inclusion of 22,700 households in AAY scheme, but the department did not implement it till December 2004. Though the Supreme Court also issued directions to complete identification work by September 2003, as of March 2005 the department could not identify 8,539 AAY and 678 BPL households. It however, submitted a report to the Government of India (November 2004) stating complete identification of 22,700 AAY households based on which the GOI increased allocation of foodgrains to the State from November 2004.

It was observed that against 3.04 lakh and 0.59 lakh tonnes of rice lifted under BPL and AAY respectively, the department could distribute only 2.72 lakh tonnes under BPL and 0.55 lakh tonnes under AAY during the period 2002-05. Thus, 0.36 lakh[*] tonnes of subsidised rice valued at Rs. 19.28 crore failed to reach the targeted households because the department could not complete the process of identification of targeted beneficiaries.

One of the reasons for non-implementation of the scheme was the inability expressed by the Finance Department to meet the additional incidental charges of Rs. 50 lakh per annum. Audit, on the other hand, noticed average savings of Rs. 2.35 crore in each year during 2000-05 against the relevant budget head. The department, however, started extending the benefit from January 2005 without provision of any funds towards the additional incidental charges. This indicated lack of seriousness in implementing the AAY Scheme, as the most crucial requirement for implementation of the schemes was identification of eligible households.

The department stated (August 2005) that 1,595 families have not yet been identified against 67,924 households under AAY in the State.

Monitoring

3.2.10 The Statistical and Publication cell of the Directorate of FCS&CA publishes a monthly bulletin indicating overall monthly position of allotment, lifting and off-take of foodgrains in respect of each godown.

[*] 0.36 = (3.04 + 0.59) – (2.72 + 0.55) i.e. Amount lifted under BPL and AAY *less* Amount distributed.

Audit conducted an analysis of its data from April 2003 to December 2004 in respect of 23 godowns (out of 103) located at 15 remote places of the State. The data analysis revealed that against the requirement of 25,432.5 tonnes of rice to cover 29,139 BPL and 5,463 AAY households, excess delivery orders for 1,697.7 tonnes of rice valued at Rs. 1.03 crore[£] were issued to the FPS dealers attached to twelve godowns in eight places[#]. This indicated that the delivery orders were issued to FPS dealers without taking into account the actual number of ration cards available with them. On the other hand, against the requirement of 18,030.5 tonnes of rice to cover 20,733 BPL and 3,798 AAY households, delivery orders for 1,526.6 tonnes were not issued to the FPS dealers attached to the remaining eleven godowns of seven places[♣]. As a result the benefit of 1,526.6 tonnes of rice valued at Rs. 81.89 lakh[¤] failed to reach the identified households.

In reply the Government stated (August 2005) that the matter was enquired into in the light of the audit observation and furnished figures indicating excess off take of 275.7 tonnes and short off take of 1,753.5 tonnes of rice against these godowns till July 2005. The Government also stated that the matter was still under examination and necessary action would be taken after final detection.

Lifting of levy sugar

3.2.11 It was noticed that against allotment of 1,61,714 tonnes of levy sugar, the department made payments of Rs. 158.20 crore to FCI for 1,26,364 tonnes of sugar during 2000-05 resulting in short lifting of 35,350 tonnes of sugar. The short lifting of sugar was attributable to non-release of funds by the State Finance Department.

It was further seen that out of 1,26,364 tonnes, the FCI could deliver only 1,23,597 tonnes of levy sugar valued at Rs. 156.78 crore resulting in short delivery of 2,767 tonnes of sugar valued at Rs. 1.42 crore. Earlier (prior to 2000-01) there were short deliveries valued at Rs. 0.12 crore. Thus, total money locked up with FCI was Rs. 1.54 crore.

The Director admitted (June 2005) the fact of money being locked up with FCI and stated that the department would take up the matter with FCI.

Infrastructural facilities for transportation of foodgrains

3.2.12 On the basis of the proposal submitted by the State Government (February 2001) for purchase of mobile vans / trucks for strengthening infrastructural facilities under the Public Distribution System (PDS) in the remote areas of the State, Government of India sanctioned and released

[£] Worked out taking the issue price of rice under BPL (1652.0 tonnes @ Rs. 6150/- per tonne) and AAY (45.7 tonnes @ Rs. 3000/- per tonne).

[#] Kanchanpur (2), Damchara (2), Khedachara (1), Vangmoon (1), Manu Crossing (2), Raishyabari (2), Ompinagar (1), Jatanbari (1).

[♣] Silachari, Jampuijala, Mandai, Gandacherra, Jhalcherra, Chowmanu, Anandabazar.

[¤] Worked out taking the issue price of rice under BPL (1145.7 tonnes @ Rs. 6150/- per tonne) and AAY (380.9 tonnes @ Rs. 3000/- per tonne).

Rs. 44.30 lakh (March 2001) under a centrally sponsored scheme. The main thrust of the scheme was to utilise the vehicles as 'mobile fair price shop' in the remote areas.

As of March 2005, people living in 88 Gaon Panchayats (GPs) out of the total 1,062 GPs located in remote areas in all the four districts (West: 1; South: 49; Dhalai: 24 and North: 14) were buying their PDS items from the FPS of other GPs as no FPS existed in their own GPs.

Though the department had purchased eight mobile vans / trucks at a cost of Rs. 44.30 lakh between August and September 2002 out of central assistance for using these mobile ration shops for the remote areas, it was observed that the vehicles were placed under the disposal of Central Stores, AD Nagar, Agartala, for other uses. The department informed the Government of India (January 2004) that all the vehicles had been deployed in the remote places of the State. The department could not show any record relating to functioning of mobile fair price shops in the State.

Thus, the funds provided by the Government of India for providing mobile ration shops in remote areas were diverted for other purposes.

The Director stated (June 2005) that non-utilisation of mobile vans in most interior areas of the State were mainly due to security problems and lack of road connectivity. The vans were, however, stated to have been utilised for maintaining supplies under PDS in the State including the interior tribal areas. The reply is not acceptable as these funds were obtained from the Government of India for providing mobile ration shops in such areas only.

Reimbursement of Hill Transport Subsidy (HTS)

3.2.13 According to the decision (October 1990) of the Government of India, actual cost of carrying foodgrains from base depot of FCI to the approved Principal Distribution Centres (PDCs), was being reimbursed to the State Government by the FCI as Hill Transport Subsidy (HTS). The HTS claim was required to be preferred monthly or fortnightly.

Test check of the records (April-May 2005) of the Directorate revealed that as of March 2005, against HTS claim for Rs. 3.24 crore against 179 bills covering the period from 1998 to June 2004, preferred during October 2003 to March 2005, the FCI admitted the claim of Rs. 1.84 crore only against 109 bills after disallowing Rs. 0.11 crore without assigning any reason. The remaining 70 bills involving Rs. 1.29 crore were returned (April 2005) to the department requesting them to resubmit the bills along with some additional information. The department did not prefer the HTS claim pertaining to the period from July 2004 onwards. The reasons for delay in preferring the claims were neither on record nor stated by the department. This indicated that reimbursement of HTS was delayed due to belated and faulty submission of claims by the department.

Thus, for the purpose of settlement of HTS claim, the department needs to monitor preferring of timely and complete claims.

While admitting the audit findings, the department could not furnish reasons for the lapses but stated that all out efforts would be taken to prefer the claims as early as possible.

Storage

Unutilized godowns

3.2.14 It was noticed in audit that one godown with a storage capacity of 1,000 tonnes constructed at Panisagar and taken over in December 2002, was lying unutilized for a period of more than two years as of March 2005 due to non-settlement of labour disputes. Thus, the expenditure of Rs. 36.90 lakh incurred in respect of the said godown proved to be an idle investment.

Creation of additional storage facilities

3.2.15 Government of India sanctioned and released (November 2001) Rs. 35.07 lakh for construction of seven godowns (estimated cost of Rs.1.16 crore) for creating additional storage capacity of 500 tonnes under CSS, stipulating a period of two years for completion of the work. The Finance Department released the funds to FCS&CA Department in March 2002 and the latter placed the funds with Public Works Department in August 2002 for execution of the work.

It was noticed in audit that out of seven godowns, construction of only two godowns[Θ] having total storage capacity of 150 tonnes was completed at a cost of Rs. 9.88 lakh. These were handed over to the department between May 2004 and August 2004. Construction of other five godowns was incomplete as of June 2005. Of these, site for one godown was subsequently changed (June 2004) from Dalugaon to Gournagar without obtaining prior consent from the Government of India. The construction work of this godown was not started till June 2005 though funds of Rs. 4.08 lakh were placed with the PWD in May 2002. Besides failure of the department to create storage facilities, this resulted in blocking of funds of Rs. 4.08 lakh for more than three years.

Out of 103 food storage godowns in the State having storage capacity of 42,890 tonnes, 30 godowns, having storage capacity of 24,000 tonnes representing 55 *per cent* of the total capacity were in dilapidated condition requiring repairs / replacement as stated by the department. This entailed the risk of damage / contamination of foodgrains stored in those godowns.

In 20 functional godowns the department had to face the problem of unnecessary delay in unloading the foodgrains due to poor condition of the approach roads / internal roads to these godowns.

In most of the godown complexes, there was no provision for guard-shed, toilet, and drinking water.

While admitting the facts, the Director stated that the department had approached the Government for taking up the matter with the 12th Finance Commission for funds for construction / replacement of dilapidated godowns.

[Θ] Jirania (100 MT), Kalyanpur (50 MT).

Unutilised residential accommodation

3.2.16 Information received through an audit questionnaire showed that seven♠ staff quarters constructed during the period between November 2000 and May 2002 at a total cost of Rs. 45.07 lakh were lying vacant, for periods ranging from 37 months to 55 months as of May 2005. The department stated (June 2005) that non-utilisation of the quarters was mainly due to non-providing of electricity and water supply connection, un-willingness of the store guards to stay in Government quarters, dilapidated condition of quarters, etc.

Thus, construction of quarters without assessing the actual need led to idling of the investment of Rs. 45.07 lakh for more than three years besides loss of interest of Rs. 19.11 lakh•. These are likely to continue to remain idle as the store guards were unwilling to stay in Government quarters.

Non-disposal of gunny bags

3.2.17 Test check of records revealed that there was accumulation of 1,58,893 gunny bags of different sizes (100 kg, 75 kg and 50 kg) in the godowns of four sub-divisions* and Central Stores at AD Nagar, Agartala (49,435). Out of this, 62,360 gunny bags (valued Rs. 2.64 lakh) had been damaged beyond repairs due to prolonged storage and had become non-disposable. This huge accumulation of stock had also occupied substantial godown space while more space was required in these godowns for storage of foodgrains. If no action is taken immediately to dispose of the remaining gunny bags (96,533) there might be a further loss of Rs. 3.25 lakh due to spoiling of those bags.

The Director could not furnish any reasons for the inaction on the part of the department leading to revenue loss and stated (June 2005) that action had been initiated for auction by the SDMs concerned.

Non-disposal of foodgrains unfit for human consumption

3.2.18 Information received through an audit questionnaire revealed that stocks of foodgrains (Rice: 48.8 tonnes; Wheat: 2.95 tonnes; Sugar: 51.3 tonnes; Salt: 48.8 tonnes) totalling 151.85 tonnes were not fit for human consumption. These were accumulated in 25 godowns spread over 15 places and in nine godowns of Central Stores at AD Nagar, Agartala during the period from 1999-2000 to 2004-05.

As of March 2005, the department had neither ascertained the reasons for accumulation of such foodgrains nor initiated any remedial action. The value

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♠ Gandhigram: 2 Nos (Rs. 12.14 lakh); Mohanpur: 2 Nos (Rs. 13.56 lakh); Bishalgarh: 2 Nos (Rs. 7.37 lakh); Kakraban: 1 No. (Rs. 12.00 lakh) = Rs. 45.07 lakh

• Rs. 12.14 × 10.04 *per cent* (borrowing rate) × 2 years 11 months = Rs. 3.55 lakh
Rs. 7.37× 10.04 *per cent* (borrowing rate) × 2 years 5 months = Rs. 1.79 lakh
Rs. 13.56 × 11.26 *per cent* (borrowing rate) × 5 years 2 months = Rs. 7.89 lakh
Rs. 12.00 × 11.09 *per cent* (borrowing rate) × 4 years 5 months = Rs. 5.88 lakh
Rs. 19.11 lakh

* (Longtharai Valley: 37,905; Belonia: 40,415; Kamalpur: 17,663; Gandacherra: 13,475).

of the non-consumable stock lying in the godowns was neither worked out nor was any action taken to write it off.

While admitting the fact the Director could not provide reasons for its inaction in this regard and stated (June 2005) that a Categorization Committee had already been constituted in this regard which would meet in August 2005.

Manpower Management

3.2.19 According to the norms fixed by the department, 103 store keepers and 412 store guards were required for 103 godowns in the State. Against this requirement, only 62 posts of store keepers and 320 store guards were sanctioned by the department. Records of the department showed that there was shortage of five store keepers and 91 store guards against the sanctioned posts, as of March 2005. There was unjustified engagement of Food Inspectors as store keepers in six godowns affecting regular inspection of the stores and Fair price shops.

Case study of 51 godowns conducted through an Audit questionnaire revealed that as of March 2005 there was short deployment of 97 store guards on 47 go-downs, excess deployment of 10 store guards on four godowns.

Non-availability of required store keepers and store guards, and lack of maintenance of inspection records indicated serious lapses in the watch and ward duty and accounts of the godowns.

While accepting the audit findings, the department could not furnish reasons for the lapses and stated (June 2005) that they would approach the Government for filling up the vacant posts.

Physical verification of stores

3.2.20 According to financial rules, physical verification of stores was to be conducted at least once in a year. It was noticed that physical verification of 79 godowns, out of 103 had not been done for period ranging from one to eight years. The extent of loss due to pilferage, theft, etc of stores in godowns thus remained unassessed.

Information furnished by the department showed that during the period from 2000-01 to 2004-05, the department lifted 8,25,524 tonnes of rice. Of this, 7,80,716 tonnes were issued to FPS. Thus, the closing stock of rice at the end of March 2005, should have been 44,808 tonnes (without taking into account the quantity of opening stock of 2000-01). But godown-wise closing stock as maintained by the department revealed that stock balance of rice at the end of 31 March 2005 was 31,109 tonnes. This resulted in a discrepancy of 13,699 tonnes of rice valued at Rs. 8.53 crore calculated at an average procurement price of Rs. 6225/- per tonne.

Shortage of essential commodities valuing Rs. 50.88 lakh was detected during physical verification of 10 godowns between March 2000 and February 2005. The department initiated action against the officials responsible for shortage in four godowns. It further stated during discussion that in respect of other six godowns proceedings were yet to be drawn.

While admitting the facts the department could not furnish reasons for the above lapses and stated (June 2005) that all possible efforts would be made to get the stores physically verified.

Weigh Bridge

3.2.21 The project report on construction of weigh bridge prepared (July 2004) by the department stated that the electronic weigh bridge was the only mechanism for speedy receipt and despatch of foodgrains, and also for ensuring the correctness and proper accounting of the stores received from FCI and delivered to the PDS network from feeder godowns. It was noticed in audit that there was only one electronic weigh bridge at AD Nagar. Apart from this, there were also three non-electronic weigh bridges which were not adequate to ensure correctness of the huge quantity of stores handled.

The department submitted a project proposal to Government of India (July 2004) for installation of three electronic weigh bridges of 30 tonnes capacity each (central stores, AD Nagar, Agartala: 1; Transit godown, Dharmanagar: 1; Nandan Nagar: 1) at an estimated cost of Rs. 61 lakh under cent *per cent* central assistance. The Government of India did not consider (August 2001) the proposal due to discontinuance of the scheme of such constructions under central assistance from 10th Five Year Plan.

The department stated that for the purpose the Government of India had sanctioned Rs. 54 lakh in April 2005.

Quality control

3.2.22 Information furnished by the department revealed that they did not have any chemical laboratory of its own to ensure quality of foodgrains. The department stated (January 2005) that in doubtful cases, supplies were got tested at 'Public Analyst' at Agartala. This indicated inadequacy of the test facilities available with the department. As such the possibility of supplying inferior quality of foodgrains to consumer under PDS could not be ruled out besides release of payments for the sub-standard items at the standard rates.

The department submitted a project proposal to Government of India (July 2004) for setting up two Chemical Analysis Laboratories (one each at Central Stores, AD Nagar, Agartala and Transit godown at Dharmanagar) at a total cost of Rs. 25 lakh, to be met from Central assistance. The Government of India rejected (August 2004) the proposal on the ground that financial assistance for that purpose had been discontinued from 10th Five Year Plan.

Conclusion

3.2.23 There was excess rationing population over the projected population, complete dependence on Food Corporation of India (FCI) in regard to procurement of rice despite availability of considerable quantity of locally grown rice and shortfall in identification of beneficiaries under targeted groups resulted in deficiency in providing food security to them. The objective of serving the people of the most remote localities was frustrated due to fair price shops not being made available in those areas. Dilapidated condition of godowns, many of them without approach roads combined with the absence of basic amenities like guard sheds, toilets and drinking water facility in the godown complex as also non posting of watch and ward staff in some godowns rendered store management unsatisfactory.

Recommendations

- ❖ Consolidated computerized records detailing the ration shop-wise number of ration cards issued, total rationing population, need to be maintained at both the Directorate and Sub-divisional level. Documentation needs improvement and duly reconciled and verified data should be kept to enable correct assessments of foodgrains requirements.
- ❖ To protect the interest of the growers / cultivators of the State and to reduce dependency on FCI, decentralised system of procurement of rice suggested by Government of India should be adopted.
- ❖ Identification of beneficiaries under the targeted groups of BPL and AAY may be completed in a time bound manner.
- ❖ Adequacy of watch and ward at godowns should be ensured and dilapidated godowns should be repaired or renovated.
- ❖ Annual physical verification of stores in godowns as well as reconciliation of issue and receipts of foodgrains at different levels, delivery orders and challans (cash receipts) should be ensured.

3.3 Consumer Protection Act

Performance audit on the implementation of the Act and rules relating to consumer protection in the State during 2000-2005 revealed ineffective redressal of grievances of the consumers because of delayed disposal of complaints, ranging on an average from 469 to 1,076 days. The objectives of the programme were partially achieved due to inter alia non-setting up of District Consumer Protection Council, District Consumer Information Centre, inadequate laboratory and other infrastructural facilities, and weak monitoring mechanism.

Introduction

3.3.1 In order to provide better protection to the consumers, Government of India enacted the Consumer Protection Act, 1986 and framed Consumer Protection Rules, 1987 which came into force throughout the country (except in the State Jammu and Kashmir) from 1 July 1987. It provides for the establishment of a separate three-tier quasi-judicial consumer dispute redressal machinery at national, State and district levels. These courts are empowered to award compensation to the aggrieved consumers. Government of Tripura framed the 'Tripura Consumer Protection Rules, 1987' effective from 2 October 1987.

The Director in the Food, Civil Supplies and Consumer Affairs (FCS&CA) Department is the nodal officer for implementation of the Consumer Protection Act / Rules and functions under the administrative control of the Commissioner and Secretary of the department. He is assisted by Sub-divisional Magistrates in discharge of the responsibilities at sub-divisional level. The State Commission and three District Fora, (each has one President and two members appointed by the Government) look into the matter relating to redressal of consumer complaints. Implementation of the Act and rules relating to consumer protection during 2000-2005 was audited between May and August 2005 through test check of records in Directorates of FCS&CA, State Commission and two District Fora (West and North Tripura, covering Dhalai) sampled out of three.

To ascertain the ground realities relating to implementation of the Consumer Protection Act, the Comptroller and Auditor General of India commissioned the services of ORG Centre for Social Research (ORG-MARG). ORG-MARG had carried out the survey in Tripura during July-August 2005 in two districts selected randomly *viz* Tripura West and Tripura North and covered 1,494 consumers of rural and urban areas. Besides, it also interviewed 137 complainants, 10 service providers, two laboratories and one NGO. Engagement of the ORG-MARG had been communicated to the Commissioner and Secretary, Food, Civil Supplies and Consumer Affairs Department in July 2005. A summary of the findings of the ORG-MARG is given as an **Annexure** to the review.

Creation of adjudication mechanism

3.3.2 Government of Tripura created (October 1989) three district fora in three out of four districts and the State Commission in January 1990 respectively. Separate district forum for Dhalai district has not yet been created although the district was created in June 1997. Circuit Bench, District Consumer Protection Council and District Consumer Information Centre have not yet been created in the State.

Thus, there was delay of more than 23 and 26 months in creation of district fora and the State Commission respectively from the date of enactment of the 'Tripura Consumer Protection Rules 1987'. As a result, the benefit of protection of their rights was denied to the consumers during the period.

Director, FCS&CA Department stated (October 2005) that delay in creation of State Commission and district fora was due to observing formalities like obtaining concurrence of the Chief Justice of the High Court, Finance Department and delay in creation of infrastructural facilities. It was further stated that district forum, Dhalai would be created after obtaining concurrence of the Finance Department and approval of the Council of Ministers and creation of Circuit Bench in the State was not justified in view of limited number of cases filed in SC and DF.

Functioning of Consumer Fora

3.3.3 According to the Act the admissibility of a complaint shall ordinarily be decided within 21 days from the date of receipt of the complaint. Complaints shall be heard as expeditiously as possible to decide the same within 90 days where no laboratory test is required and within 150 days if any such test is required.

The number of cases registered, disposed during the period 2000-05 and remained pending as of March 2005 in Consumer Fora are given in the tables below:

Table No. 1 (State Commission)

Year	Opening balance		Number of cases registered during the year		Total number of cases available		Number of cases disposed during the year		Number of cases pending	
	Complaints	Appeal	Complaints	Appeal	Complaints	Appeal	Complaints	Appeal	Complaints	Appeal
2000-01	14	227	5	70	19	297	1	17	18	280
2001-02	18	280	2	56	20	336	4	23	16	313
2002-03	16	313	3	61	19	374	2	86	17	288
2003-04	17	288	-	78	17	366	5	119	12	247
2004-05	12	247	-	112	12	359	5	146	7	213
Total			**10**	**377**			**17**	**391**		

Source: Information furnished by the department.

Table No. 2 (District Fora)

Year	Opening balance	Number of cases registered	Total number of cases available	Number of cases disposed	Number of cases pending at the end of the year
2000-01	122	117	239	81	158
2001-02	158	99	257	81	176
2002-03	176	146	322	97	225
2003-04	225	151	376	90	286
2004-05	286	122	408	155	253
Total		**635**		**504**	

Source: Information furnished by the department.

It will be seen that against 628 cases (complaints: 24, appeal: 604) available in State Commission during the period 2000-2005, 408 cases (complaints: 17, appeal: 391) only were disposed of, while in District fora, 504 cases were disposed against 757 cases available during the period.

Section 13 (3A) and 19A of the Act provide that a complaint/ appeal is to be decided within the maximum limit of 90 / 150 days. But it was seen that 836 cases were decided in more than 150 days by SC (Complaints: 44, Appeal: 267) and district fora (Complaints: 525) during the period since inception to 2004-05 as indicated in the table below:

Table No. 3

Year	Number of cases of Complaints / Appeals decided within 90 days			Number of cases of complaints / appeals decided between 90 and 150 days			Cases of complaints / appeal decided in more than 150 days		
	State commission		District forum	State commission		District forum	State commission		District forum
	Complaints	Appeal	Complaints	Complaints	Appeal	Complaints	Complaints	Appeal	Complaints
Since inception upto 2002-03	23	74	337	26	51	338	26	112	439
2003-04	-	13	27	1	29	32	13	68	31
2004-05	-	19	46	-	50	54	5	87	55
Total	**23**	**106**	**410**	**27**	**130**	**424**	**44**	**267**	**525**

Source: Particulars furnished by the Department.

From the copies of the court verdicts of 125 cases made available to Audit, it was observed that the complaints / appeal lodged in consumer courts between April 2000 and October 2004 were disposed between January 2001 and July 2005. On an average, the time taken in disposing of cases by consumer courts ranged between 469 and 1076 days as shown in the table below:

Table No. 4

Sl. No.	Name of consumer courts	Number of complaints / appeals	Average time taken to dispose a case (complaints / appeals) (in days)	Range showing minimum and maximum days taken to dispose a case (in days)	
				Minimum	Maximum
1.	State Commission	Appeals 16	1076	233	1687
		Complaints 9	929	224	1636
2.	District Forum, West Tripura	Complaints 68	469	164	1142
3.	District Forum, North Tripura (covering Dhalai)	Complaints 32	500	239	984
Total		**Complaints 109 Appeals 16**			

Results of the survey conducted by ORG Marg disclosed that on an average 8.8 months were spent to resolve a case and in case of unresolved cases the same were pending for past 20 average months.

Enforcement Mechanism

Prevention of Food Adulteration (PFA)

3.3.4 Scrutiny of the annual report ending December each year (calendar year) on implementation of the Prevention of Food Adulteration Act, 1954 in the State revealed that 76 cases were pending in various courts out of which 24 cases were pending for more than three years as detailed below:

Table No. 5

Year (January to December)	Number of Prosecution launched	Total number of cases decided by court	Total number of cases convicted	Number of cases acquitted / discharged	Number of cases pending at the end of December each year	Number of cases pending in the courts more than 3 years
1	**2**	**3**	**4**	**5**	**6**	**7**
2000	41	11	01	10	73	13
2001	20	15	01	14	78	12
2002	09	18	01	17	69	12
2003	07	11	Nil	11	65	25
2004	13	02	Nil	02	76	24

From the certified copies of the final judgement of 32 cases made available to Audit, it was seen that in respect of three cases conviction was made and the rest of the cases were decided as ‘acquitted (19 cases)/ discharged (four cases) / disposed (one case) and dropped (five cases)’.

It was seen from the copies of court verdicts that out of 32 cases, two cases were acquitted as ‘Public Analyst in his report did not mention anything about prescribed standards’, three cases were discharged as ‘no prima facie case has been made’, and three cases were acquitted due to ‘delay in filing cases’.

Functioning of Consumer Protection Council (CPC)

3.3.5 Under the provisions of the Consumer Protection Act, the State Government set up (November 1989) the State Consumer Protection Council, but no District Consumer Protection Council was set up (October 2005). The council was required to hold at least two meetings in a year.

It was seen from the records that the State Consumer Protection Council did not hold meetings regularly. Only 11 (eleven) meetings against the target of 30 were held.

From the minutes of the different meetings of the State Consumer Protection Council it was noticed that the Council took important decisions in the meetings for protection of interest of consumers, but the outcome of these meetings was not significant as many important decisions were not acted upon even after repeated discussion in subsequent Consumer Protection Council meetings.

While admitting the above fact during discussion in October 2005 Director, FCS&CA Department stated that the matter was pursued constantly with the concerned department / organisation for implementation of the decisions of the Councils.

Monitoring mechanism

3.3.6 No effective monitoring mechanism was found in place to ensure implementation of the Consumer Protection Act. Submission of quarterly returns to Government of India was found delayed for periods ranging between one and three months.

The Parliamentary Standing Committee had been repeatedly recommending for strengthening the infrastructure of consumer forum including its computerization and networking.

It was, however, observed that computer network has not been set up (September 2005).

Director of FCS&CA Department while admitting the facts stated (October 2005) that one Asstt. Director (Food) was declared as Nodal Officer in the Directorate for implementation of the Citizen's charter. He further added that computer networking system would be installed through National Informatics Centre.

Recommendations

- Monitoring at all levels should be strengthened for effective implementation of the Consumer Protection Act / Rules.
- Status of awareness and redressal of grievances of consumers (particularly in rural areas) should be evaluated for incorporation in the future action plan.
- Action on all decisions of the State Consumer Protection Council needs to be ensured.
- Establishment of District Consumer Protection Council in each district should be taken up immediately.
- Creation of a separate district forum for Dhalai District should be accorded priority.

Annexure

(Reference: Para No. 3.3)

Summary of the findings of the ORG MARG

- Overall 86 *per cent* of the Consumers at large gave importance to knowing the Consumer Protection Act (CPA) but 30 *per cent* not aware of consumer rights and 90 *per cent* still unaware of CP Act.
- The act is envisaged to benefit all the consumers in urban and rural areas but only 6 *per cent* of the rural population has heard about it.
- In response to, whether the government is making any effort in safeguarding the consumers rights, only 42 *per cent* replied positively, remaining either carrying negative or have no idea of the same.
- Formal source of awareness – electronics and print media stand at 85 and 63 *per cent* respectively and only 5 *per cent* of the aware consumers came to know about CPA through NGOs.
- Nearly 71 *per cent* of the aware consumers at large have come to know about the Act only in the last two years whereas the act has been in existence for last 19 years.
- Overall, only 5 *per cent* reported to be aware of the existence of any redressal agency. Awareness on this among those aware of rights and CPA was higher.
- Around 49 *per cent* aware any redressal agency did not know the location of the district forum in their respective districts.
- Majority of complaints resided in urban areas (93 *per cent*) and all were literate as well. The average monthly household income of Rs. 11,003. This implied that facilities provided by redressal agencies were availed by residence of urban areas and that too by the middle/lower middle strata of the community.
- About half of the complaints (53 *per cent*) were against services such as communication and insurance services while about 47 *per cent* of the complaints were against products, mostly consumer durables (79 *per cent*).
- Majority of the complainants came to know about the redressal agencies through electronic media (66 *per cent*), print media (83 *per cent*) and others, i.e. friends/relatives (96 *per cent*). NGOs were not a popular source of awareness (5 *per cent*) before registering the complaint, but they emerged to be a source of awareness in 22 *per cent* cases during the process of registration of complaints.

- Nearly 12 *per cent* of the complainants used stamp paper to file the case and in majority of cases (98 *per cent*) the lawyers/agents advised them to do so.

- Very few (9 *per cent*) who registered their complaints prior to March 2003 reported to have deposited court fee notwithstanding the fact that the court fee was introduced in March 2003.

- An analysis of time taken at various stages of the cases show that on an average three days were spent for registering a case and 43.7 days were taken for serving the notice, first hearing held after almost 28 days.

- On an average 6.5 hearings were required to resolve the case. Around 51 *per cent* of cases were still unresolved even after about five hearings and most of these cases were against insurance services (34 *per cent*).

- To resolve a case on an average 8.8 months were spent. In case of unresolved cases the same were pending for last 20 average months.

- There were seven cases where the decree was passed and compensation was yet to be received. On an average the compensation was due for about 3.2 months. For those received compensation the same was received within an average period of 1.8 months.

- On an average the complainants have to spend Rs. 2,261 to resolve the case of which a large proportion (average amount of Rs. 3,531) comprised of the advocate fee.

- The manufacturers and service providers were aware of CPA but on the contrary not many consumers at large were aware of the Act or redressal system.

- The NGOs are involved in spate of activities such as consumer education, advocacy, organizing seminars/camps etc. They are also facilitating the consumers in filing cases and act as agents, but not in the court procedures.

WELFARE FOR SCHEDULED CASTES, OBC AND RELIGIOUS MINORITIES DEPARTMENT

3.4 Working of Tripura Scheduled Castes Co-operative Development Corporation Limited

Introduction

3.4.1 The Tripura Scheduled Castes Co-operative Development Corporation Ltd (TSCCDC), Agartala was established in April 1979 under Tripura Co-operative Societies Act, 1974. The main objective of the Corporation was to improve the socio-economic condition of Scheduled Castes (SC) families, living below poverty line by providing financial assistance to them in income generating projects in the transport, agri-allied and business sectors. Funds were released to TSCCDC by National Scheduled Castes Finance and Development Corporation (NSFDC) and National Safai Karmachari Finance and Development Corporation (NSKFDC) in respect of the projects sanctioned by them. Implementation of the projects by the TSCCDC during 2000-05 were test checked in audit during January to March 2005.

Socio-economic survey

3.4.2 For identification of SC families, their specific need and measures to be taken to ameliorate their backwardness, the work for survey and preparation of a Master Plan covering 198 Scheduled Castes Populated (SCP) villages in all the four districts was awarded to a Kolkata based firm (Agricultural Finance Corporation) in March 1998 at a negotiated cost of Rs.10.21 lakh. The report was required to be submitted by December 1998. The firm submitted a report covering nine SCP villages at Bishalgarh Block, but this was not accepted by the Corporation as it did not contain requisite information. No further report was submitted by the firm as of March 2005, though Rs. 7.66 lakh was paid to the firm as per terms and conditions of the agreement. The expenditure was thus infructuous.

Mention was made in para 3.16.6 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1996 regarding unsatisfactory survey of scheduled caste families in the State conducted by Agricultural Finance Corporation. The Public Accounts Committee in its 62nd Report expressed dis-satisfaction over dismal performance of the firm. But the Corporation reselected the said firm for similar nature of job jeopardizing Government interest.

Margin Money Loan Programme

3.4.3 The shortcomings regarding erroneous selection of beneficiaries and part financing in implementation of the programme (Rs. 5.27 crore) were discussed in the 62nd Report of the Public Accounts Committee (Audit Report 1995-96). The programme was discontinued from 1997-98. The Public Accounts Committee were dissatisfied over the functioning of the Corporation and recommended (1999-2000) for an assessment report on utilization of funds of Rs. 5.27 crore given to 4221 beneficiaries. No action was, however, taken by the Corporation as of March 2005.

Poor project implementation

3.4.4 The Corporation implemented different income generating (self employment) projects under transport, agri-allied and business sectors sanctioned and financed by NSFDC and NSKFDC during 2000-04. A joint physical verification was conducted by Audit along with the Management of TSCCDC between 9 and 11 August 2005, and projects of 69 beneficiaries were inspected. It was noticed that seven Above Poverty Line (APL) beneficiaries (established and well to do families) whose monthly income ranged between Rs. 5000 and Rs. 30,000 were allowed financial assistance. In 24 cases, projects or schemes were found non-existent, nine beneficiaries diverted the funds for other purposes and in eight cases, beneficiaries utilised the funds in other business like Public Call Office (PCO), rubber plantation, saloon, musical instruments and power tiller which were not covered by the schemes sanctioned by NSFDC and NSKFDC. As a result, the objectives of the programme were defeated. Implementation of the projects sanctioned by NSFDC was test checked and is discussed below:

Transport Sector

The Corporation implemented the programme by providing autorickshaw or jeep to the selected beneficiaries on receipt of funds from NSFDC in respect of the proposals sent to it. According to the NSFDC guidelines, the cost of the vehicles included NSFDC's share (about 90 *per cent*) and Corporation's share (10 *per cent*). For the projects sanctioned from 2001-02, subsidy @ Rs. 10,000 was also admissible as Special Central Assistance under Special Component Plan. It was noticed that loan assistance for 50 autorickshaws @ Rs. 75,000 each and 45 autorickshaws @ Rs. 87,000 each were sanctioned and Rs.65.90 lakh was released by NSFDC during 2000-04. The Corporation arranged for procurement of vehicles from a local dealer (M/S Priya Motors) and the beneficiaries were required to take delivery of the vehicles from the dealer and get them registered with the Transport Authority.

It was noticed that out of 95 cases, the Corporation distributed vehicles in 80 cases and refunded Rs. 4.69 lakh in seven cases to NSFDC due to non-selection of beneficiaries. In remaining eight cases, Rs. 5.76 lakh remained unspent. Though the records regarding registration of vehicles and road permit were available, the Corporation did not maintain any records regarding bonafide use of the vehicles by the beneficiaries. No physical verification was carried out from time to time by the Corporation to see that the vehicles were actually in possession of the beneficiaries. As such, disposal of the vehicles by the beneficiaries to others cannot be ruled out.

During the joint physical verification, only four beneficiaries out of 80 could be contacted. Of these four cases, the beneficiaries in two cases were found to be jobless due to dilapidated condition of their autorickshaws.

Business sector

According to the guidelines, the cost of the projects under this sector was to be met from NSFDC's share, Corporation's share, subsidy (Rs. 10,000 for each) and beneficiaries contribution. The test checked four schemes out of 18 sanctioned by NSFDC, amount sanctioned and number of cases implemented by the Corporation during 2000-2005 were as under:

(Rupees in lakh)

Name of schemes	Number of projects sanctioned	Amount released by NSFDC	Number of cases implemented	Number of cases for which funds refunded to NSFDC	Amount refunded	Funds not disbursed by the Corporation	
						Loan and number of cases	Subsidy and number of cases
Grocery	197	124.64	190	7	5.04	2.40 (15)	1.50 (15)
Stationery	126	71.98	114	8	5.04	0.97 (5)	0.50 (5)
Decorator	135	108.50	125	-	-	1.50 (6)	0.60 (6)
Readymade garments	125	100.00	118	-	-	2.50 (10)	1.00 (10)
Total	**583**	**405.12**	**547**	**15**	**10. 08**	**7.37 (36)**	**3.60 (36)**

The table indicates that in 15 cases funds of Rs. 10.08 lakh were refunded by the Corporation as it failed to implement the projects. In 36 cases, loan of Rs. 7.37 lakh and subsidy amounting to Rs. 3.60 lakh were not disbursed to the beneficiaries violating the scheme guidelines.

The Corporation failed to produce any record to Audit to show that it had physically verified the implementation of the programme. Reports from the field offices showing actual implementation i.e. construction of sheds for business, procurement of materials, amount utilised and actual status of business (income generated) were also not available. In the absence of these records how the management satisfied itself that funds were utilised for bonafide purposes by the beneficiaries and it had benefited in improving their economic condition, could not be explained to Audit.

During the joint physical verification it was noticed that in 17 cases the beneficiaries abandoned the schemes/projects after receipt of loan assistance of Rs. 14.70 lakh. In nine cases beneficiaries diverted the funds of Rs. 8.10 lakh for other purposes and in five cases funds of Rs. 4.41 lakh were diverted for schemes not covered by the programme. In seven cases beneficiaries were selected from APL families having monthly income ranging from Rs. 5,000 to Rs. 30,000, and financial assistance of Rs. 7 lakh were sanctioned to them.

Agriculture and allied sector

Under this sector, four out of seven income generating schemes were test checked. The number of projects sanctioned, amount released and their implementation were as under:

(Rupees in lakh)

Name of the schemes	Number of projects sanctioned by NSFDC	Amount released by NSFDC	Number of cases implemented	Amount not disbursed	
				Loan and number of cases	Subsidy and number of cases
Fishery	98	78.75	83	1.50 (6)	0.60 (6)
Piggery	30	15.90	30	0.52 (4)	0.40 (4)
Cross breed cow	39	13.65	39	-	-
Poultry farm	72	32.84	72	1.07 (5)	0.50 (5)
Total	**239**	**141.14**	**224**	**3.09 (15)**	**1.50 (15)**

The table indicates that in 15 cases, loan of Rs. 3.09 lakh and subsidy of Rs. 1.50 lakh were not provided to the beneficiaries. The reasons for non-distribution of loan and subsidy were not stated.

The Corporation had neither physically verified and surveyed the actual implementation of the projects by the beneficiaries nor did it produce any documentary evidence to Audit regarding creation of water area, procurement of fish fingerlings, procurement of animals, birds and chicks and construction of poultry farm house by the beneficiaries. In the absence of these records bonafide utilisation of funds by the beneficiaries could not be vouched in audit.

During the joint physical verification it was noticed that projects (Rs. 6.84 lakh) in seven cases were not implemented. In three cases, Rs. 2.34 lakh was diverted for weaving and PCO, neither of which was covered by the programme.

Delay in implementation

3.4.5 According to the guidelines, if the Corporation failed to utilize the funds (released by NSFDC and NSKFDC) within 120 days, the Corporation was liable to pay interest at higher rate of 10 *per cent* including liquidated damage.

Records of implementation during 2000-05 revealed delay which attracted penal interest and liquidated damage as shown in the table below:

Funding agency	No. of units sanctioned	No. of units imple-mented	No. of units for which loan disbursed within 120 days	No. of units for which loan disbursed between 6 months and 12 months	No. of units for which loan was disbursed after 12 months	No. of units pending for implementa - tion
NSFDC	1217	1142	682	160	300	75
NSKFDC	252	232	NIL	110	122	20
TOTAL	**1469**	**1374**	**682**	**270**	**422**	**95**

The table shows that against 1,469 projects, 682 (46 *per cent*) only were implemented within the stipulated period of 120 days. In 692 (47 *per cent*) cases delay ranged between six months to 12 months and above. In 95 cases projects were not implemented. This attracted liability of payment of penal interest on unutilized funds and liquidated damage of Rs. 27.40 lakh as claimed by NSFDC (March 2002) and NSKFDC (March 2005). The Management approached (March 2004) NSKFDC for exemption from payment of penal interest which was turned down as it would violate the lending policy and guidelines of the programme.

Subsidy not passed on to beneficiaries

3.4.6 Under Special Central Assistance (SCA) subsidy of Rs.10,000 per unit was required to be provided to the beneficiaries in respect of the schemes sanctioned by NSFDC and NSKFDC from 2001-2002 onwards. It was noticed that subsidy of Rs. 95.60 lakh was provided to 956 (73 *per cent*) beneficiaries against 1,304 beneficiaries covered by loan assistance during 2001-2005. Thus, the benefit of SCA was denied to 348 (27 *per cent*) beneficiaries. During discussion the Managing Director stated (June 2005) that reasons for not extending the subsidy would be investigated.

Poor performance in recovery of loan

3.4.7 Records of the Corporation revealed poor performance in realization of repayment of loan and interest which was extended to the beneficiaries while implementing various programmes. It was noticed that against repayment of Rs. 13 crore due from 1877 beneficiaries, the Corporation failed to realise Rs. 8.06 (62 *per cent*) crore as of March 2005. Records of 15 blocks test checked, revealed that overdue instalment of loan amounting to Rs. 52.03 lakh remained unrealised from 97 beneficiaries who were found gross defaulters for more than one year.

The constraints faced by the beneficiaries in refunding the loan were not ascertained by the Management. During joint physical verification, the beneficiaries stated that due to financial hardship (very low income) they were not able to repay the loan amount.

Non-eligible beneficiaries covered

3.4.8 For implementation of the Scheme Rehabilitation of Ex-scavenger and Safai Karmacharis, 92 Ex-scavengers and 160 Safai Karmacharis were identified in the State. Accordingly, a proposal for 252 beneficiaries were sent to NSKFDC and loan assistance of Rs. 1.59 crore was received during 2001-02. The objective of the programme was to improve the socio-economic conditions of Safai Karmacharis and relieve them from scavenging.

Records indicated that loan assistance was provided to 70 beneficiaries upto December 2002. A supplementary list of 50 beneficiaries of Dhopa and Mali communities was prepared and sent to NSKFDC in January 2003 for approval. However, no approval was accorded by NSKFDC. As the beneficiaries from washerman (Dhopa) and gardener (Mali) communities do not belong to the communities of traditional Safai karmacharis, their selection for financial assistance was irregular. Though no approval was received, the Corporation provided loan assistance of Rs. 38.10 lakh to these 50 ineligible beneficiaries not covered by the programme.

Monitoring

3.4.9 The Corporation extended financial assistance to the SC beneficiaries for different activities of income generating schemes/projects (self employment) under transport, agriculture and business sectors to improve their socio-economic condition. For this purpose, the Corporation provided loan assistance of Rs. 11.87 crore (transport: Rs. 1.54 crore; agriculture: Rs. 2.20 crore and business: Rs. 8.13 crore) to 1,476 beneficiaries (transport: 112; agriculture: 343 and business sector: 1,021) during the period 2000-05.

The Corporation did not obtain any feedback from the field offices about the progress of actual implementation of different income generating projects financed by it. The formats prescribed for feedback were not designed properly as they lacked very basic items of information like, purpose and adequacy of loan, asset acquired and income generated. As such the feedback wherever received from the field offices, were sketchy and stereotype in nature recommending release of second and subsequent instalments of loan. The information regarding creation of assets by the beneficiaries and income generated out of the projects implemented were neither called for by the Management nor were these furnished by field offices.

This indicated that there was no control mechanism in place to monitor the performance and efficacy of the programmes implemented especially with regard to their impact on socio-economic upliftment of SC families.

The Corporation stated (April 2005) that whenever any project was sanctioned, the field supervisors posted at block levels were asked to monitor and report to the Management. Moreover, details of monitoring at the block level were reported by field supervisors at the time of monthly meeting held at the headquarters.

The Corporation failed to produce any such reports to Audit on actual implementation of different projects, assets created and income generated out of the schemes financed by it. The Management also had not taken any initiative to physically verify the actual implementation despite total failure of the Margin Money Loan Programme implemented by it prior to 1998-99. Poor recovery of loan from the beneficiaries may be an indicative of non-fulfillment of programme objectives.

Conclusion

3.4.10 Absence of basic essential data on SC families below poverty line (BPL), lack of adequate planning, control and monitoring poor recovery of loans from the beneficiaries had an adverse effect on performance of the Corporation.

Recommendations

- Management should adopt suitable measures for accounting of Rs. 5.27 crore spent under the programme (MMLP) and fix responsibility for failure of the programme.
- A system of maintenance of demand and collection registers, regular reporting and review of repayment status by Management to ensure timely raising of demand notices and issue of court cases against the beneficiaries found to be gross defaulters in repayment of loan should be brought in place.
- Impact of the programmes on target beneficiaries in terms of quantifiable socio-economic parametres and programme objectives should be assessed by an independent agency for bettering performance.