

OVERVIEW

This Report contains 20 audit paragraphs (including three general paragraphs), five performance reviews and one mini-review, apart from comments on the Finance and Appropriation Accounts. There is a separate chapter on Internal Control System in respect of Education (Social Welfare and Social Education) Department. According to the existing arrangements, copies of the draft audit paragraphs and draft audit reviews are sent to the Secretary of the Department concerned, with a request to furnish replies within six weeks. However, in respect of one audit review and eight audit paragraphs included in this Report, no response was received by the time of finalisation of the Report (September 2006). A synopsis of the important findings contained in the Report is presented in this overview.

1. Finances of the State Government

The revenue receipts increased from Rs. 2,576.90 crore in 2004-05 to Rs. 3,024.12 crore (17.35 *per cent*) in 2005-06. Eighty eight *per cent* of the revenue came from the State's share of Central taxes and Grants-in-aid, which increased by 5.55 *per cent* and 27 *per cent* respectively over the previous year. Only 12 *per cent* of the revenue receipts came from the State's own resources.

The total expenditure of the State increased by 11.23 *per cent* from Rs. 2,821.18 crore in 2004-05 to Rs. 3,138.08 crore in 2005-06.

The expenditure on General Services increased from 32.65 *per cent* in 2001-02 to 36.83 *per cent* in 2005-06. On the other hand, development expenditure (Social and Economic services taken together) decreased from 65.95 *per cent* in 2001-02 to 61.38 *per cent* in 2005-06.

The interest payments during 2005-06 were Rs. 370.62 crore, which was an increase of 4 *per cent* over the previous year. The average growth rate of interest payments during the period 2001-06 was 10.48 *per cent*. Debt burden (fiscal liabilities) of the State at the end of 2005-06 was Rs. 4,420.57 crore, up by 5.72 *per cent* over the previous year. The fiscal deficit of Rs. 110.10 crore was 1.17 *per cent* of the GSDP, which was within the limit set by the FRBM Act. An important reason for this was the increase in Central transfers; the pace of expenditure, however, was slower than the rate of growth in revenue receipts, resulting in increase in the cash balances and lack of investment in social and economic services. The investment in the commercial undertakings and a large number of incomplete projects failed to yield any return.

(Paragraph 1)

2. Allocative priorities and Appropriation

Against the total budget provision of Rs. 4,399.20 crore, the actual expenditure was Rs. 3,420.05 crore. The overall savings of Rs. 979.15 crore were the result of savings of Rs. 993.73 crore, in 56 Grants and appropriations, offset by an excess of Rs. 14.58 crore in five Grants and two appropriations.

The excess expenditure required regularisation by the Legislature under Article 205 of the Constitution of India.

In 39 cases, the supplementary provision of Rs. 165.98 crore proved unnecessary.

In 52 cases, the savings were more than Rs. 10 lakh in each case and also over 10 *per cent* of the total provision.

In three cases under three Grants / appropriations, expenditure of Rs. 2.60 crore was incurred without budget provision.

In 64 cases, the anticipated savings of Rs. 357.85 crore were not surrendered.

In four cases, against the actual savings of Rs. 8.49 crore, Rs. 25.25 crore was surrendered, resulting in excess surrender of Rs. 16.76 crore.

(Paragraphs 2.2 to 2.8)

3. Performance audit

3.1 Sarva Shiksha Abhiyan (SSA)

The implementation of SSA in the State did not achieve the target set. While 2003 was the target year by which all children in the age group 6-14 years should have been brought to school, at least 62,187 children remained out of school as per a survey conducted in December 2003, out of 6,24,814 eligible children. Some important points noticed were:

- Delay in release and short release of funds both by the Government of India (Rs. 18.40 crore) and the State Government (Rs. 9.83 crore) adversely affected the programme.
- Inordinate delay in constituting various committees for decentralised decision making affected the planning process.
- Rupees 4.76 crore of the scheme funds were irregularly diverted for constructing buildings for the Directorate of School Education (Rs. 2 crore) and SCERT (Rs. 30 lakh) and to the State Government account towards teachers' salary (Rs. 2.46 crore).
- Targets fixed for providing classrooms and drinking water facilities for the children in the schools were yet to be achieved.
- SCERT and the DIETs had failed to contribute effectively to the training of teachers, resource persons and community leaders as well as to research and evaluation activities due to inadequacy of staff.
- During 2001-04, cash payment was made to students in lieu of 'free text books' without approval. Rs. 1.26 crore was spent for providing free text books to non-eligible students. Rs. 3.93 crore booked as expenditure on 'free text books', was spent on repair / renovation, purchase of furniture and previous years' book grant, not permissible under SSA norms. The

ST students in tribal areas were not provided text-books in their mother-tongue.

- Although SSA aimed at zero dropouts by 2003, dropouts at primary (I to V) and elementary (I to VIII) levels were 17.18 and 26.34 *per cent* respectively. Dropouts among ST children were the highest (24.84 and 31.35 *per cent*) at primary and upper primary stages.

(Paragraph 3.1)

3.2 Non-Lapsable Central Pool of Resources (NLCPR)

Established in 1998, the NLCPR aimed at speedy development of infrastructure projects in the north-eastern states. In Tripura, 45 projects involving an expenditure of Rs. 741.03 crore were sanctioned by the Government of India. A review of six of these projects brought out significant deficiencies in the planning, implementation and monitoring of these projects, resulting in significant time and cost overrun, as well as poor financial management and discipline. Consequently, the delivery of intended benefits to the target groups was adversely affected. Some important points noticed were:

- Less than 40 *per cent* of the target was achieved under the major component (rubber plantation) of a project designed to benefit 4000 Jhumia families.
- 23 Rubber Processing Centres were constructed at a cost of Rs. 2.32 crore, much before the plantations, whose produce was to be used in the centres. Thus, the expenditure remained unfruitful with the possibility of deterioration of the centres due to disuse.
- Schools (175 Nos.) were constructed at a cost of Rs. 13.13 crore without any toilets and drinking water facilities, after changing the approved design without the approval of MoDONER.
- There was cost overrun in case of constructions done by PWD, amounting to Rs. 1.79 crore, of which, Rs. 0.50 crore was funded by diversion from another project.
- The PWD diverted Rs. 15.53 crore, meant for 'Construction of New Capital Complex' towards works not related to NLCPR project.
- Irregular expenditure of Rs. 30 lakh was incurred on land acquisition, not permissible as per NLCPR guidelines.
- Unauthorised expenditure of Rs. 69.58 lakh was incurred on items not approved by MoDONER under the project 'Development of Tripura University'.

(Paragraph 3.2)

3.3 Bidhayak Elaka Unnayan Prakalpa (BEUP)

The scheme was introduced in 2001-02 for undertaking works of developmental nature, based on locally felt needs and leading to creation of durable assets. The objectives of the scheme could not be achieved fully, due to non-utilisation of significant amount of funds, short release of funds to the SDMs, delay in sanctioning works and expenditure on inadmissible works. There were deficiencies in the control and monitoring system, notably, the registers of assets created were not being maintained making it susceptible to malpractice. The important points noticed were:

- During 2001-02 to 2005-06, Rs. 18.37 crore was released for the scheme, of which only Rs. 15.07 crore (82 *per cent*) was spent upto March 2006.
- Large amounts drawn on AC Bills remained unadjusted. In two Sub-divisions and one block, the outstanding DCC bills amounted to Rs. 1.75 crore.
- Despite the provision that the works should be completed in 60 days, 175 works taken up during 2002-06 involving Rs. 3.30 crore remained incomplete.
- Rupees 12.95 lakh was spent on inadmissible works in 11 Assembly Constituencies.

(Paragraph 3.3)

3.4 Integrated Dairy Development Project – II

The Integrated Dairy Development Project – II, sanctioned by Government of India in 1994-95 (cost: Rs. 3.49 crore) was to be completed in three years (1994-97). The objectives of the project were to (i) organise milk co-operative societies for channelising milk procurement so as to eliminate middlemen in the milk trade, (ii) augment milk production in the project area, and (iii) provide better marketing facilities and supply pasteurised milk in poly pouches to the urban population and hospitals. The project was completed in May 2005. The implementation of the project was marred by serious deficiencies in planning and coordination. The cows / heifers were purchased and distributed to the beneficiaries much in advance of the completion of the dairy plant that was to use the milk produced. Most of these cows / heifers had died or were sold by the beneficiaries, leaving only 6 *per cent* of the cows / heifers being available for milk production. There were inordinate delays in the construction of the dairy plant and, on completion, there was no assured supply of milk for processing. No effective steps had been taken to ensure adequate supply of milk for processing, which led to extremely low capacity utilisation of the plant and posed a serious threat to its financial viability.

(Paragraph 3.4)

3.5 Internal Control System in Education (Social Welfare and Social Education) Department

There were serious deficiencies in the internal control mechanism of the Education (Social Welfare and Social Education) Department, which adversely impacted the implementation of the Department's mandate. These deficiencies related to practically all the areas of the Department's functioning, including financial management and budgetary control, programme management, compliance with laws and rules, human resource management, monitoring and supervision. There is an urgent need to strengthen the internal controls in the department.

(Paragraph 5.1)

3.6 Information Technology Audit of activities relating to registration of vehicles, by Transport Department of the Government of Tripura

The computerised registration system in Tripura is being run in a poorly controlled environment. This coupled with deficiencies in the system design, has led to inaccuracies and serious irregularities in the information generated by the system, leading to inconsistent and incomplete database maintained by the JTC / DTOs. Orders issued by the Government were also not incorporated into the system leading to loss of revenue. The use of the system as a management information system (MIS) was also inadequate.

(Paragraph 6.17)

3.7 Working of the Tripura Tea Development Corporation Limited

Tripura Tea Development Corporation Limited (TTDCL) was incorporated in August 1980 with the main objectives to purchase, take over and develop tea estates on sale and to promote, take on lease and manage the tea estates after being satisfied about their economic viability. Some of the important points noticed during the performance audit were:

- The main objectives of the Company were not achieved due to low utilisation of the cultivable land, high mortality at the planting stage and lack of adequate irrigation facilities in the plantation area, leading to shortfall in production of green leaves and under-utilisation of processing plant.
- The Company was running in loss in all the four years from 2001 to 2005 and the accumulated losses of Rs. 7.82 crore had eroded most of the paid up capital, despite capital injections by the Government from time to time.
- More than 70 *per cent* of the available land was not cultivated for over 20 years. In one tea estate owned by the Company, the uncultivated area was more than 93 *per cent*.
- The plantation density was 24.89 to over 83.30 *per cent* below the norms adopted by the Company, which led to shortfall in production and

estimated loss of Rs. 1.96 crore per year during 2001-06. The attempts for replantation were inadequate.

- The shortfall in production of green leaves entailed estimated loss of Rs. 1.89 crore during 2001-02 to 2005-06.
- The cost of sales of made tea (Rs. 61.04 to Rs. 72.78 per kg) was substantially higher than the selling price (Rs. 40 to Rs. 50 per kg), which resulted in losses of Rs. 5.29 crore during 2001-05.
- The Company engaged labourers ranging between 1372 and 1558 in seven tea estates against the norm of 740 labourers, involving extra expenditure of Rs. 5.70 crore.

(Paragraph 7.2)

4. Audit of transactions

(a) Civil

- Rupees 40.96 lakh representing sale proceeds of agriculture-inputs were temporarily misappropriated by the Agri-Assistants and remained outside the Government account for long periods, due to failure of the Department to enforce the rules.

(Paragraph 4.1)

- Inability of the department to take timely action, despite availability of funds from Government of India led to inordinate delay in operationalising the State Pesticides Testing Laboratory, and idle expenditure of Rs. 28.05 lakh incurred on its setting up.

(Paragraph 4.2)

- Delay in the construction of a tourist lodge due to delay in releasing the funds and taking over the building after its completion, resulted in an expenditure of Rs. 23.22 lakh remaining unfruitful and the project not being commissioned after seven years of its approval.

(Paragraph 4.3)

- Inaction of the Information, Cultural Affairs and Tourism Department in making security and power supply arrangements at the historic site at Unokoti, led to expenditure of Rs. 22.15 lakh on illumination work remaining unfruitful.

(Paragraph 4.5)

- Failure to complete the construction of two town halls on time resulted in idle investment of Rs. 88.04 lakh, apart from depriving the community of the benefit for over eight to nine years.

(Paragraph 4.6)

- The Rig Division, Agartala, incurred infructuous expenditure of Rs. 35.62 lakh on four drillers, as the drilling was being done through contractors.

(Paragraph 4.7)

- The Public Works Department not only failed to ensure that its contractors employed only qualified people, but also did not recover the prescribed penalty of Rs. 22.21 lakh for non-employment of qualified people.

(Paragraph 4.8)

(b) Revenue

- Failure of the Superintendent of Taxes, Churaibari to ensure regular disposal of the seized goods led to stockpile of goods valuing Rs. 1.27 crore, out of which, goods valuing Rs. 20.40 lakh had been damaged or time expired, entailing a revenue loss of Rs. 5.23 lakh for Government.

(Paragraph 6.18)

- Non-imposition of fine on the owners of vehicles carrying load in excess of permissible limit resulted in loss of revenue of Rs. 53.71 lakh. Further, the District Transport Officer, North Tripura, Kailashahar did not enforce the provision of Motor Vehicles Act, resulting in loss of revenue of Rs. 6.77 lakh as fine from transporters for carrying load in excess of the permissible limit.

(Paragraph 6.19)

(c) Commercial

- Failure of the Tripura State Electricity Corporation Limited (TSECL) to properly plan and execute the renovation/modernisation of Gumti Hydel Power Station led to an idle expenditure of Rs. 55.54 lakh besides loss of benefits of modernisation.

(Paragraph 7.3)