EXECUTIVE SUMMARY

Executive Summary

This Audit Report has been prepared in five chapters. Chapters I to IV deal with Social, Economic, State Public Sector Undertakings and Revenue Sectors. Chapter V deals with Follow up of Audit observations.

This Report contains 22 Audit paragraphs including nine general paragraphs, four Performance Audits, Follow-up Audit of Forest Department and eight Compliance Audit Paragraphs. According to the existing arrangements, copies of the draft paragraphs and draft Performance Audits were sent to the Principal Secretary/Secretary of the departments concerned with a request to furnish replies within six weeks. However, in respect of seven Compliance Audit paragraphs included in the Report, replies were not received till the time of finalisation of the Report (February 2018). A synopsis of the important findings contained in the Report is presented below:

SOCIAL SECTOR

Performance Audits

Implementation of Right of Children to Free and Compulsory Education (RTE) Act, 2009

The Constitution (Eighty Sixth Amendment) Act, 2002 inserted Article 21A in the Constitution of India to provide free and compulsory education of all children in the age group of six to 14 years as a Fundamental Right. The Right of Children to Free and Compulsory Education (RTE) Act, 2009, represents consequential legislation envisaged under article 21A. This Act provides that every child has a right to full time elementary education of satisfactory and equitable quality in a formal neighbourhood school which satisfies certain essential norms and standards.

Article 21A and the RTE Act, 2009 came into effect on 1 April 2010. Sarva Shiksha Abhiyan (SSA) is the main programme for universalising elementary education. SSA is also the main vehicle for implementing the provision of the RTE Act, 2009. Its overall goals include universal access and retention, bridging of gender and social category gaps in education and enhancement of learning levels of children.

In terms of Section 38(1) of the RTE Act, 2009 the State has come out with its own set of rules named 'The Right of Children to Free and Compulsory Education Rules (Tripura)', 2011 which was notified in July 2011 and came into effect from August 2011. Sarva Shiksha Abhiyan (SSA) was being implemented in Tripura through a society named "Sarva Shiksha Abhiyan, Rajya Mission Tripura" from May 2004.

One of the major achievement of the State in implementation of RTE Act, 2009 had been improvement in retention rate of students in school and decline in dropout rate. However, lack of a comprehensive approach in its execution had resulted in many areas remaining unaddressed. As a result, issues of quality remained a major area of concern. The status of training of teachers was poor with only 15.86 *per cent* of its teachers at primary level and 17.29 *per cent* at upper primary level could be trained. Inadequate infrastructure in the schools had acted as a constraining factor in ensuring an atmosphere conducive for imparting education.

Due to improper planning and delay in implementation of the programme, huge amount of funds remained unspent at the end of every year.

Monitoring was poor. Review meetings of monitoring committee were inadequate at every level on implementation of RTE Act, 2009. Shortfall in SMC meetings at the school level were indicators of the lack of internal control even at the individual school level resulting in poor implementation or non implementation of provisions of the Act.

(Paragraph 1.3)

ECONOMIC SECTOR

Compliance Audit Paragraphs

Failure to complete the construction of an approach road resulted in a bridge built at a cost of ₹ 5.75 crore lying unused for more than 40 months.

(Paragraph 2.3)

Up-gradation of road within eight to ten months of its completion rendered the expenditure on the up-gradation work on the road amounting to ₹ 1.12 crore wasteful.

(Paragraph 2.4)

Excess payment of ₹ 39.72 lakh made to a contractor. Besides, execution of inferior quality of bituminous work resulted in wasteful expenditure of ₹ 63.85 lakh.

(Paragraph 2.5)

Construction work taken up in October 2013 under NLCPR on the approach road from NH-44 to Jirania Railway Station (Length-1.042 km) within a span of six months after completion of improvement work on the same road in April 2013 under SPA rendered the expenditure of ₹ 59.87 lakh incurred towards bituminous work as wasteful.

(Paragraph 2.6)

ECONOMIC SECTOR (STATE PUBLIC SECTOR UNDERTAKINGS)

Performance Audit

Operational performance of Tripura State Electricity Corporation Limited

The Tripura State Electricity Corporation Limited (Company) was incorporated in June 2004 as a wholly owned State PSU after restructuring of the power sector in line with the Electricity Act 2003.

The Government of Tripura (GoT) transferred (1 January 2005) operational control of all the assets and allied activities relating to Generation, Transmission and Distribution of power to the Company. With the intention to transfer the generation activities of the Company, the GoT formed (January 2015) another company, namely, Tripura Power Generation Limited (TPGL). The transfer of the generation activities of the Company to TPGL was, however, pending finalisation (September 2017).

As of February 2018, Company had finalized its accounts for the financial year upto 2014-15. For the purpose of present audit, the provisional figures for the years 2015-16 and 2016-17 as compiled by the Company have been considered. As per the Annual Accounts for the period from 2012-13 to 2016-17 (including provisional figures for the years 2015-17), the Company incurred losses in each of the above financial year and the accumulated loss of the Company as of March 2017 stood at ₹ 333.33 crore. The Performance Audit was taken up to assess the performance of the Company covering the period of five years from 2012-13 to 2016-17 with focus on economy, efficiency and effectiveness of its operations.

The Company failed to achieve various operational norms resulting in extra cost and loss of potential revenue. Monitoring and internal control system of the company was ineffective due to delays and insufficient Management Information System, inaction and lack of transparency. The infrastructure for ensuring satisfactory consumer service delivery remained partially operational and insufficient thereby affecting provision of mandated services.

(Paragraph 3.2)

Compliance Audit Paragraph

The Company extended undue favour to contractors by not recovering the interest of ₹ 51.74 lakh on delayed recovery of mobilisation advances.

(Paragraph 3.3)

REVENUE SECTOR

Performance Audits

Systems and procedures in force in the Taxes and Excise organisation regarding Excise duty

Taxes and Excise Organisation, functioning under the Finance Department, Government of Tripura, plays an important role in mobilisation of tax revenue of the State. Excise Duty is levied by the State Government under a constitutional provision (Entry 51 of the State List contained in the Seventh Schedule to the Constitution of India). This provision empowers a State Government to levy a duty of excise on all alcoholic liquors meant for human consumption. The functioning of the State Excise Organisation is governed by the provision of the Tripura Excise Act, 1987 and the Tripura Excise Rules, 1990 as amended from time to time and various administrative orders. Import, bottling, distribution and sale of liquor in the State are controlled through three licenced entities i.e., bottling units, bonded warehouses and the retail shops. Excise revenue is generated through imposition of duties and fees on import, bottling, storage and sale of liquor.

The performance audit revealed a number of systemic as well as procedural deficiencies in the organisation. Audit noticed non-adherence to standard norms of production by bottling units. The excise organisation issued fresh permits against the adjustment of import permit fee of lapsed permits. Audit also noticed absence of system of regular cross verification of NECs with the exporting States. There was no provision of interest or penalty for default in payment of Government dues. Enhanced import fee from Bonded Warehouses and Excise duty from retailers were not realised after revision of rates. Thus, the systems and procedures for regulating levy and collection were insufficient and ineffective.

There was no provision of interest or penalty for default in payment of Government revenue in the Excise Act and Rules unlike in the Motor Vehicle Act and Sales Tax Act. This not only resulted in failure to serve as deterrent for late payment of Government revenue but also caused loss to Government.

(Paragraph 4.2)

Border Area Development Programme

The Department of Border Management, Ministry of Home Affairs, Government of India (GoI), has been implementing the Border Area Development Programme (BADP), a Centrally Sponsored Scheme through the State Governments as part of a comprehensive approach to Border Management. BADP was started during the Seventh Five Year Plan (FYP) with the objective of balanced development of sensitive border areas in the Western Region through adequate provision of infrastructure facilities and promotion of a sense of security amongst the local population. The programme was revamped during the Eighth FYP (1992-97) and extended to States having an international border with Bangladesh.

The programme aims to meet the special development needs of the people living in remote and inaccessible areas situated near the international border. It also aims to saturate the border areas with the required essential infrastructure through convergence of Central/State/Local schemes and participatory approach.

The BADP has been in operation in Tripura, in the border blocks along the Indo-Bangladesh international border (856 Km) since 1993-94.

A participatory approach to planning, as was envisaged by the Scheme, was not followed. Baseline surveys were not conducted with the result that Annual Action Plans were prepared without the necessary inputs from the ground level in a systematic manner. Further, villages were selected arbitrarily without observing the Scheme Guideline that all the villages located within 0-10 km of the international border should be covered first. Thus, gaps in basic physical and social infrastructure in remote and inaccessible areas situated near the international border were not identified as was envisaged.

Consequently, the process of planning and implementation of the Scheme was characterised by random selection of projects and piece meal efforts to bridge the gaps. For instance, in violation of BADP Guidelines, no provision was made in the AAPs for convergence of schemes. Further, implementing agencies could not start 39 works in three selected districts till date of audit (April-June 2017) due to shortage of funds, non-finalisation of sites and delays in sanction of estimates. There was short release of ₹ 10.27 crore in 2014-15 by the GoI due to non-submission of UCs in the previous years. Therefore, the planning process was neither adequate nor was it carried out as per the Guidelines, with the result that effectiveness of the Scheme had been compromised.

Institutional system for monitoring was weak. System of inspection of the BADP works in each border block by assigning a block-wise high ranking Nodal Officer was not set up. Third party inspection for feedback on the quality of work was not done in West Tripura during 2012-17 and in Unakoti District and South Tripura District during 2014-17. Further, quality of 79 *per cent* of the works remained unverified with reference to technical estimates and designs. Measurement was not recorded in the MBs. Consequently, there were cases of suspected misappropriation and doubtful execution. Besides, assets were not maintained despite provision in the guidelines for availing 15 *per cent* of the allocation for maintenance of assets even though many assets were in dilapidated condition.

There were shortcomings in execution of projects. There was diversion of ₹ 3.00 crore towards 43 ineligible works/schemes and seven works were executed for the benefit of specific individuals. Further, 19 works of construction of markets, sinking of Mini Deep Tube Wells (MDTWs), overhead tank, old age home, community halls, primary maktab and home for palliative care for terminally ill cancer patient constructed during 2012-17 at a cost of ₹ 2.30 crore had not been handed over to the user departments. Therefore, inadequate and improper planning, lack of systematic implementation and weak monitoring mechanisms had resulted in inefficient and ineffective implementation of the Scheme and failure to meet the objectives of the Scheme.

(Paragraph 4.3)

Compliance Audit Paragraphs

Failure to raise demand by the Assessing Authority for tax payable by the dealer under TVAT Act, 2004 resulted in loss of revenue for ₹ 14.15 lakh.

(Paragraph 4.4)

The Assessing Authority failed to adhere to the order of the Revisional Authority while passing re-assessment order of a dealer, which resulted in short realisation of revenue of ₹ 21.32 lakh.

(Paragraph 4.5)

Concealment of turnover by the dealers resulted in short levy of tax of ₹ 49.33 lakh, non-levy of interest of ₹ 17.65 lakh and penalty of ₹ 0.68 lakh.

(Paragraph 4.6)

Follow-up Audit Report

Follow-up Audit of the Performance Audit on "Integrated Audit of the Forest Department" which featured in the Report of Comptroller and Auditor General of India for the year 2010-11 was taken up to assess and evaluate the Department's performance and improvements in programme management.

The Department continued to prepare plans without quantitative targets in terms of new plantations, survival rates and extent of forest cover. Implementation of audit recommendation was evident in Japan International Co-operation Agency (JICA) project while National Afforestation Programme (NAP) had made little effort to do the same. Unutilised amount remained with the Joint Forest Management Committees (JFMCs), Forest Development Agencies and District Management Units under NAP and JICA. Preparation/revision of micro plans and work plans by the JFMCs under NAP had not been completed in any of the JFMCs. Unauthorised use of forest land was not regularised. Monitoring of survival of plantations had not been done as required under departmental guidelines. Resource allocations continued to be not in proportion to the assigned areas of the forest divisions/sub divisions. The internal control mechanism continued to be weak.

(Paragraph 5.2)