

## PREFACE

This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

The Report deals with the findings of performance reviews and audit of transactions in various departments including audit of autonomous bodies and local bodies.

The Report also contains the observations arising out of audit of Statutory Corporations, Boards and Government Companies and revenue receipts.

The cases mentioned in the Report are among those which came to notice in the course of test-audit of accounts during the year 2009-10, as well as those, which had come to notice in earlier years but could not be dealt with in previous Audit Reports; matters relating to the period subsequent to 2009-10 have also been included, wherever necessary.

Audit observations on matters arising from the examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2010 are included in a separate Report on State Finances.

The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

## OVERVIEW

The Report contains 20 audit paragraphs (including 4 general paragraphs), 4 performance reviews including one Integrated Audit of Animal Resources Development Department. The draft audit paragraphs and draft performance reviews were sent to the Secretary of the Department concerned with a request to furnish replies within six weeks. However, in respect of 2 audit reviews and 13 audit paragraphs included in the Report, no response was received till the time of finalisation of the Report (October 2010). A synopsis of the important findings contained in the Report is presented in this overview.

### *Performance Reviews*

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#### *Performance audit of Public Distribution System in Tripura*

The performance of PDS in the State can be further enhanced in accordance with the provision of PDS (Control) Order 2001 and guidelines issued by the Department revealed that Cash Books for transactions under Cash Credit Account and Revolving Fund Account were not maintained as per the requirement. The Department has not put in place a system of periodical reconciliation of food grains released and lifted by the State. There was short lifting of food grains under APL, MDM and WBNP schemes. Under NPAG a large number of undernourished women and girls were deprived of getting rice free of cost due to diversion of rice from this scheme to another scheme and the objectives of the NPAG scheme were frustrated. Joint inspection to ensure the quality of food grains was not carried out and the Department also did not have any laboratory of its own to check/test the quality of food grains supplied. The Department could not get timely and regular reimbursement of transport subsidy for distribution of food grains. Huge number of claims have not been submitted to FCI due to lack of required documents.

(Paragraph 1.1)

#### *Information Technology Review of Tripura Registration Information System*

The State Government initiated TRIS project in Tripura with a view to bring in simplicity and transparency in the registration process by providing one stop service center for common citizen. TRIS aimed at providing complete solution to Land Records Maintenance and registration services with online query of application status over kiosks and the system itself. The system was also designed to capture information useful for minimizing of possible fraud and land disputes by digitizing photographs and thumb impressions of sellers, buyers and witnesses, and generation of scanned registered deed documents. The project was also aimed at simplifying the complex system of valuation of properties and ensuring transparency in registration process.



However, TRIS suffered from a number of deficiencies in the application software. Besides, essential provision envisaged under TRIS such as market value determination of properties, integration of land records and registration databases, online capturing of all required inputs have not been implemented. Thus, the objective of providing quality and transparency in service delivery through TRIS remains largely unfulfilled. Even after 4 years of operation, TRIS is yet to stabilize and is being operated through manual interventions at different levels. The system is being utilised predominantly as secondary data storage. The State Government has not worked out any switchover plan from the manual registration process to TRIS even in the pilot District. No defined targets for State-wide roll out of the project has been set till June 2010.

**(Paragraph 1.2)**

### ***Integrated Audit of Animal Resources Development Department***

The goal of achieving self-sufficiency in production of milk, meat and eggs by 2011-12 would remain largely unachieved considering the huge shortfall in production against the per capita availability at national level or the projected State demand over the last five years. The livestock breeding and developmental programme taken up by the Department during the review period did not fulfill their desired objectives. The Department could not successfully implement SGSY and BLBH schemes due to lack of effective project management and inadequate follow-up action for remedial measures after investment of huge funds. The health care and veterinary services over the last five years have not been sufficiently strengthened and upgraded as envisaged in the Perspective Plan. The Government Livestock Farms were operated with high staff cost and no performance indicator have been prescribed for the farms. No assessment of actual requirement of staff based on suitable norms in Government livestock farms was carried out for efficient and productive utilization of manpower resources and no demonstration/teaching programme were conducted for the farmers during the last five years.

**(Paragraph 3.1)**

### ***Performance Audit of Power Generating stations – Tripura State Electricity Corporation Limited***

The Company operates two gas thermal power stations (GTPS) at Baramura and Rokhia and a hydro power generating station at Gumti. As on 31 March 2010, the total installed power generation capacity was 110 Megawatt (MW) against the peak demand of 187 MW, while effective capacity was 74 MW leaving a deficit of 113 MW. In 2009-10, electricity requirement in Tripura was assessed as 818.74 million units (MU) against which 567.98 MU were available. During review period (2005-10), there was growth in demand of 162.60 MU, whereas net capacity addition was only five MW or 43.80 MU.

- As per NEP, over 1,000 units of power per capita should be provided by 2012. However, 470 units per capita would be available by 2012 in the State.
- The cost of own generation was 31 to 46 *per cent* below cost of purchases from central sector generating stations. However, the Company had entered into agreements to import more power from central sector allocations without undertaking cost benefit analysis.
- There was under-utilisation of the existing generation capacity as two GTPS units were not operated in spite of plant availability.
- Despite siltation at Gumti reservoir hampering generation capacity, remedial measures had not been taken up by the Company.
- In absence of compiled accounts from 2006-07 onwards, the actual financial position of the Company could not be assessed.
- The Company does not have any documented policy for sale of power through trading with regard to either quantum of power to be traded or minimum floor prices for power traded.
- The Company had not correctly assessed its gas requirement which resulted in short supply of gas. Besides, delay in tie-up of gas supply on price considerations led to generation loss of 48.34 MU during the review period.
- Gas consumption exceeded CERC norms leading to additional expenditure of ₹ 41.80 crore during the review period.
- The Company has not rationalised its excess manpower as per CEA norms, thereby increasing the cost of operation.
- The PLF at Baramura and Rokhia GTPS was higher than the corresponding national average in all five years whereas at Gumti Hydro, it exceeded the comparable national average in three of five years.
- The Company had not only delayed filing tariff petitions with TERC for 2005-06 and 2006-07 but was also unable to seek revised tariffs thereafter due to non-preparation of accounts.
- The Company had not installed online monitoring equipment to measure emissions or set up monitoring stations to evaluate ambient air quality.
- The Company had not registered its new plants under the Clean Development Mechanism to avail benefit of carbon credits.
- The Company had not explored the possibility of harnessing the waste heat through waste heat recovery plants.

- The Company had not put in place MIS system for monitoring and for follow-up on the operational and financial performance by the top management despite engaging a consultant for that purpose.

**(Paragraph 5.2)**

### *Audit of Transactions*

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#### *(a) Civil*

- Lack of financial propriety and internal controls over handling and management of cash resulted in temporary misappropriation of Government funds of ₹ 6,41,817 over four to seven months.

**(Paragraph 2.1)**

- Purchase of 900 Km pipes by CE, WR and EE at higher rates despite being aware of availability of lower rates for the same pipes, points towards not only lack of prudence in expending Government funds on their part but is also resulting in loss of ₹ 3.61 crore, of which the loss of ₹ 2.88 crore had already been incurred on supply of 731.830 Km pipes upto June 2010.

**(Paragraph 2.2)**

- Piece-meal procurement of GC sheets lower than the approved quantities and at the higher rates by calling fresh tender subsequently rendered the Department to sustain a loss of at least ₹ 1.48 crore on procurement of 1,897.995 MT GC sheets from two private firms instead of M/S Tata Steel Limited.

**(Paragraph 2.3)**

- Due to delay in finalisation of the first tender within the validity period of 180 days, the Department had to incur an extra expenditure of ₹ 1.16 crore, which could have been avoided had the Department adhered to the provision on tender under the CPWD Manual.

**(Paragraph 2.5)**

- Improper survey, investigation and soil testing and failure of the Department to resolve technical problems in time led to avoidable time overrun of more than six years and cost overrun of at least ₹ 1.76 crore in constructing the RCC bridge over river Gumti at Mohanbhog.

**(Paragraph 2.6)**

- The Executive Engineer, Capital Complex Division, Agartala failed to impose and recover penalty of ₹ 2.86 crore from the construction agency for the delay in completion of a work despite provision in the supplementary memorandum of agreement.

**(Paragraph 2.8)**

***(b) Revenue***

- Failure of the Department to renew the licence of a firm for the year 2009-10 in time resulted in a loss of revenue of at least ₹ 17.69 lakh. Besides, reduction of licence fee without any recorded reason was tantamount to undue favour to the firm resulting in a loss of revenue of ₹ 40.16 lakh for the period from 2007-08 to 2009-10.

**(Paragraph 4.3)**

- Erroneous computations and inadmissible allowances by the assessing authorities together with concealment of turnover by the dealers resulted in short levy of tax of ₹ 1.11 crore including penalty and interest.

**(Paragraph 4.4)**

***(c) Commercial***

- Failure of the Company to consider the capitalised value of inherent losses while evaluating the offers for purchase of distribution transformers resulted in incurring of additional expenditure of ₹ 22.69 lakh on the purchase of 100 transformers.

**(Paragraph 5.3)**

- Failure of the Tripura Jute Mills Limited to specify validity period in the Notice Inviting Quotations and in the offers received from Assam-based suppliers, issue of piecemeal supply orders instead of whole quantity tendered for and release of payments prior to post shipment inspection of jute resulted in excess expenditure of ₹ 18.39 lakh.

**(Paragraph 5.4)**

## CHAPTER I: PERFORMANCE REVIEWS (CIVIL DEPARTMENTS)

### FOOD, CIVIL SUPPLIES AND CONSUMER AFFAIRS DEPARTMENT

#### 1.1 Performance audit of Public Distribution System in Tripura

*A review on Public Distribution System was undertaken to assess the performance of various functionaries involved in identifying the targeted beneficiaries, allocation and distribution of foodgrains to various FPSs, supervision and monitoring of the activities at ground level with the ultimate objective of providing and ensuring timely availability of foodgrains to the public at affordable prices and for ensuring food security for the poor. The renewal/ revision of ration cards due in 2006-07 was taken up in 2009-10 which is yet to be completed (July 2010). There was short lifting of APL rice, sugar, wheat against the allocation made by Government of India (GOI). There were instances of diversion of rice from one programme to another. Monitoring, inspection and the activities of the vigilance committee at State and District level were found to be inadequate. The monitoring mechanism and inspection of FPS at different levels including the performance of enforcement team needs strengthening to prevent pilferage of rationing commodities from FPS to open market.*

Cash Books for cash credit account and revolving fund account through which the transactions for procurement and distribution of rice, wheat, sugar and salt are made were not maintained by the Directorate and other field units.

*(Paragraph 1.1.6)*

The Department issued distinctive ration cards to APL, BPL and AAY families. Out of issue of 2000 ration cards scrutinised from the selected sample of 5 SDMs during 2008-09, only 19 ration cards (about 1 per cent) were issued after more than one month of receipt of the application which is indicative of positive attitude of the Department.

*(Paragraph 1.1.9.1)*

The Department had taken appropriate action against the persons / dealers who were found to be involved in pilferage of commodities from FPSs to open market.

*(Paragraph 1.1.11.2)*

The Central Stores, Agartala, through which an average of 41 per cent of total foodgrains of the State were distributed, was not physically verified during the last 14 years.

*(Paragraph 1.1.13)*

368 bills for ₹ 3.17 crore submitted to FCI for reimbursement under Hill State Transport Subsidy remained pending with FCI and 515 claims pertaining to the

period from 2004-05 to 2009-10 were not preferred to the FCI for reimbursement for want of the required documents.

*(Paragraph 1.1.15)*

57,365 undernourished women and girls were not provided the target quantity of 18 kg rice free of cost per head under Nutritional Programme for Adolescent Girl (NPAG) due to diversion of 1032.57 tonnes rice from NPAG to another scheme during 2007-08.

*(Paragraph 1.1.16.2)*

### 1.1.1 Introduction

The Public Distribution System (PDS) was evolved to ensure timely availability of foodgrains at an affordable price to enhance food security particularly to the weaker sections of society. PDS, till 1992, was a general entitlement scheme for all consumers without any specific target. A Revamped Public Distribution System (RPDS) was launched in June 1992 and the Targeted Public Distribution System (TPDS) was introduced with effect from June 1997. Under the TPDS special cards are issued to families Below the Poverty Line (BPL) and foodgrains are provided to them at specially subsidised prices. The system is regulated under the provisions of Public Distribution System (Control) order 2001 and is operated under the joint responsibility of the Central and State Governments. Tripura being a deficit State, the scheme of Decentralised Procurement was not implemented in the State. Therefore, the Central Government, through Food Corporation of India (FCI) has assumed responsibility for procurement, storage, transportation, and bulk allocation of foodgrains for the State of Tripura. The operational responsibility of lifting and distribution of foodgrains within the State, identification of families below the poverty line, issue of ration cards and supervision and control of the functioning of Fair Price Shops (FPS) rest with the State Government.

### 1.1.2 Organisational set-up

The Food, Civil Supplies and Consumer Affairs Department is functioning under the Principal Secretary. He is assisted by a Director, who in turn is assisted by a Joint Director and the Controller of Stores and Distribution at the State level and by 17 Sub-Divisional Magistrates (SDM) at Sub-Divisional level, an Officer-in-Charge(OC), Agartala Rationing Authority (ARA) for Agartala Municipal Area, Officer-in-Charge Central Stores and two Deputy Directors (Food) at North Tripura and South Tripura Districts.

### 1.1.3 Scope of Audit and Audit Methodology

The operation of PDS for the period from 2005-06 to 2009-10 was reviewed during May-July 2010 through test check of the records of the Directorate of Food, Civil Supplies and Consumer Affairs Department, Central Stores at AD Nagar, Agartala Rationing Authority (ARA), Directorate of School Education, Directorate of Social Welfare and Social Education Department and FCI office located at Agartala. All the

5 Sub-divisional Magistrates<sup>1</sup> of West Tripura District including 24 FPSs<sup>2</sup> under 5 Sub-divisions and ARA area were selected for detailed audit through Simple Random Sampling Without Replacement method. The review commenced with an entry conference with the Principal Secretary to the Government of Tripura, Food, Civil Supplies and Consumer Affairs and other Departmental officers on 21 May 2010 wherein the audit objectives, criteria and methodology were discussed. The review concluded with an exit conference held with the Commissioner and Secretary to the Government of Tripura, Food, Civil Supplies and Consumer Affairs Department and other departmental officers on 29 September 2010 wherein the points noticed during the course of audit were discussed in detail and their views obtained, and incorporated in the Report at appropriate places.

#### 1.1.4 Audit Objectives

The objectives of performance audit were to evaluate the effectiveness of the Public Distribution System in ensuring regular supply of foodgrains to the people in the State. This involved assessment of:

- Efficacy of the system for identification of different categories of beneficiaries.
- Effectiveness of allocation and distribution of foodgrains by Government to ensure that all people have access to foodgrains in time and at prescribed quantity and rates.
- Convergence with other foodgrains based welfare schemes.
- Adequacy and effectiveness of the monitoring system adopted.

#### 1.1.5 Audit Criteria

Audit objectives were benchmarked against the following criteria:

- Guiding principles prescribed by the GOI relating to identification of beneficiaries.
- Provisions of the PDS (Control) order, 2001.
- Orders/instructions of State Government for issue of ration cards, monitoring over the functioning of FPSs.
- Government instructions regarding quality of foodgrains.
- Prescribed monitoring mechanism.

#### 1.1.6 Financial arrangement and accounting

The Department had been procuring foodgrains (Rice and wheat) through cash credit accounting system with the Reserve Bank of India since April 1994. Rice and wheat

<sup>1</sup> Sadar, Bishalgarh, Teliamura, Khowai and Sonamura.

<sup>2</sup> ARA: (1) Colonel Chowmuhani (FPS-20). (2) MG Bazar, (FPS-27). (3) Katasheola, (FPS- 140) (4) Durga Chowmuhni FPS:70.

SADAR: (1) Lankamura (2) Kabrakhamar (3) Shivsakti, Bamutia and (4) Bagbari.

TELIAMURA: (1) Teliamura FPS No.3 (2) Teliamura -2 (3) Tuichindrai (4) Office tilla No.2.

SONAMURA: (1) Chandanmura (2) Bashpukar (3) Madhuban (4) Bairagibazar FPS.

KHOWAI: (1) Dhalabil (2) Banbazar (3) Ganki (4) Santinagar.

BISHALGARH: (1) Chowmuhani Bazar, (2) Pramodenagar, (3) Brajapur, (4) Amtali – 4.



were procured out of cash credit account by advance deposit of funds to FCI, Agartala. The expenditure on procurement of other items like sugar and salt were met out of a revolving fund account (₹ 5 crore) opened (August 2004) in the State Bank of India (SBI) in favour of the Director of FCS&CA. As per guidelines of Cash Credit Accounting System prescribed (July 1994) by the Department, double entry system Cash Book was to be maintained by the Directorate, Dy. Directors at North and South Tripura districts, OC<sup>3</sup> Central Stores, OC ARA, Agartala and all SDMs in the prescribed format. However, it was seen that the said Cash Book was not maintained by the Directorate for the period from 2005-06 to 2009-10. A double entry system of Cash Book required to be maintained by the Directorate for the Revolving Fund account as per guidelines issued (August 2004) by the Department was also not maintained by them.

It was further noticed that out of 7 units test checked, only 3 units (Central Stores, ARA and SDM Sadar) maintained the Cash Book and the remaining 4 units (SDMs of Bishalgarh, Sonamura, Teliamura and Khowai) did not maintain the Cash Book in the prescribed format.

In the absence of Cash Books in the Directorate, the amount received for the cost of foodgrains delivered to the FPSs and amount spent on purchase of foodgrains from FCI, transport charges, etc., could not be verified in audit with the figures of cheque issue register and remittance register. Balance at bank was also not reconciled periodically due to non availability of the balance as per Cash Book. Due to non-maintenance of Cash Book in the prescribed format by SDMs the details of sales accounts, amount received from Directorate, details of remittance to Banks, transportation charges, handling charges etc. could not be ascertained and verified in audit.

The Government in the exit conference (September 2010) accepted the observation and stated that the double entry system Cash Book could not be maintained due to some internal problems and assured that these would be maintained henceforth.

#### 1.1.7 Scenario of foodgrains in the State

According to the census 2001, population of the State was 31.99 lakh. The decadal population growth during 1991-2001 was 16.03 *per cent* and exponential growth rate during the said period was 1.46 *per cent* per annum. Considering this, the estimated population of the State was 34.49 lakh in 2006 as projected by the Registrar General and Census Commissioner, Ministry of Home Affairs, Government of India, and per capita per day requirement of cereal (rice) as per norms fixed by the Indian Council of Medical Research was 500 grams. A pipe line stock of 10 *per cent* and wastage at the rate of 12.5 *per cent* was also to be maintained.

The availability of rice, locally produced and lifted from FCI during the period from 2005-06 to 2009-10 are given below:

<sup>3</sup> Officer-in-Charge



**Table No. 1.1.1***(in lakh tonnes)*

Year	Total projected population (In lakh)*	Total requirement of rice**	Local production***	Lifted from FCI	Total available	Surplus
2005-06	34.07	7.69	6.14	2.16	8.30	0.61
2006-07	34.49	7.79	6.30	2.66	8.96	1.17
2007-08	34.91	7.89	6.49	2.42	8.91	1.02
2008-09	35.32	7.98	6.48(P)	2.75	9.23	1.25
2009-10	35.74	8.07	NA	2.72	---	--
* Source: www.censusindia.gov.in. ** The requirement of foodgrain has been calculated @ 182.5 kg per head per year <i>plus</i> wastage @ 12.5 <i>per cent plus</i> pipe line stock of 10 <i>per cent</i> . *** The Economic Review 2008-09, Govt of Tripura.						

The above table shows a surplus availability of rice (local production and quantity lifted from FCI taken together) compared to the requirement in the State. As the State Government did not procure any foodgrains locally, the entire PDS is dependent on supply from FCI only. For operating an uninterrupted PDS, the State Government intended to create a buffer stock of 50,000 tonnes in view of the remoteness of the State and vulnerability of the NH 44 during the rainy season. The target of maintaining the buffer could not be achieved due to lower allocation of rice by the FCI.

### 1.1.8 Rationing population

Ration cards are issued by the Sub-divisional Magistrates in the respective Sub-divisions except in Agartala Municipal Areas (Under Sadar Sub-division) where the Ration Cards are issued by the Officer-in-charge of the Agartala Rationing Authority (ARA) for different categories of beneficiaries such as APL, BPL and AAY families. Projected population, rationing population and number of ration cards in position during the period from 2005-06 to 2009-10 are as under:

**Table No. 1.1.2**

Year	Total Projected population*	Total Rationing population	Number of ration cards	Average members per card
2005-06	34,07,000	33,48,078	7,28,367	4.6
2006-07	34,49,000	34,13,173	7,29,589	4.7
2007-08	34,91,000	34,13,173	7,29,589	4.7
2008-09	35,32,000	34,25,792	7,34,073	4.7
2009-10	35,74,000	**34,48,337	**7,37,553 <sup>4</sup>	4.7
• Source: www.censusindia.gov.in. • ** Position up to October 2009(provisional).				

It would be seen that the rationing population is less than the projected population. The increase in rationing population was more than one lakh during 2005-06 to 2009-10, while the increase in ration cards was only 9,186. The requirement of foodgrains (rice) also increased by 3858 tonnes<sup>5</sup> per year in 2009-10 compared to 2005-06.

<sup>4</sup> APL: 442053, BPL: 182874, AAY: 112626.

<sup>5</sup> 9186 x 35 kg x 12= 3858 tonnes.

### 1.1.9 Identification of beneficiaries

As per survey conducted by the State Government in 2000-01, 4.06 lakh families were living Below Poverty Line(BPL), but the GOI had fixed BPL quota at 2.95 lakh (June 2003) house holds. In response, the State Government had taken up (February 2008) with the GOI for upward revision of the BPL families. The BPL families were identified by conducting survey as per the norms prescribed by the GOI and the list of identified families was approved by the *Gram Sabha* in case of rural area. In case of urban areas the list of identified BPL families were approved by the Nagar Panchayats and Agartala Municipal Council.

AAY was launched in December 2000 which reflected the commitment of the Government to ensure food security for all with special emphasis to serve the poorest of the poor living both in urban and rural areas. AAY provided for identification of those families from BPL families which may be termed as poorest of the poor. In 2001 a total 45,224 poorest of the poor amongst BPL families in the State were covered under AAY and another 67,900 families were inducted under 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> expansion<sup>6</sup> of the scheme. Thus, a total 1,13,124 BPL families were identified for providing benefits under AAY with effect from 2007-08. AAY families were identified by conducting survey as per prescribed norms of GOI at the Block and Panchayat level in 2001, 2003 and 2006.

During the year 2009-10, a detailed survey has been conducted by the Rural Development Department for replacement and inclusion of eligible/ ineligible beneficiaries for different categories of ration cards, but the report of the survey is yet to be finalised (July 2010). Apart from above, there was no system for revision of the list of beneficiaries from year to year. Due to 3 expansions of AAY, during the period under review, a number of AAY families shifted from BPL families but the overall cap of 2.95 lakh households fixed by GOI remained constant.

Year-wise position of BPL/AAY household for the period from 2005-06 to 2009-10 as furnished by the Department is shown below:

**Table No. 1.1.3**

Year	No of BPL Household/ Cards	No of AAY Household/ Cards	Total (2 + 3)
(1)	(2)	(3)	(4)
2005-06	2,27,076	67,924	2,95,000
2006-07	2,27,076	67,924	2,95,000
2007-08	1,81,876	1,13,124	2,95,000
2008-09	1,82,360	1,12,164	2,94,524
2009-10 (up to 10/2009)	1,82,874	1,12,626	2,95,500

It was observed that during 2008-09 the total numbers of BPL/AAY families decreased by 476 whereas during 2009-10 the number increased by 500 against the fixed quota of 2.95 lakh. Reasons for variation in numbers of BPL/AAY families

<sup>6</sup> 1<sup>st</sup> : November 2003; 2<sup>nd</sup> & 3<sup>rd</sup> : December 2006.

during 2008-09 and 2009-10 were not on record. The Department stated (July 2010) that the details of BPL/AAY families are under collection from Sub-divisional level.

#### 1.1.9.1 Issue of ration cards

As per PDS(Control) order 2001, the Department issued distinctive ration cards to APL, BPL and AAY families. Scrutiny of about 2000 ration cards issued from the selected sample of 5 SDMs of the West Tripura District and ARA during 2008-09 and 2009-10 revealed that only 19 ration cards (about 1 *per cent*) were issued after more than one month of the receipt of the application which is indicative of positive attitude of the Department.

#### 1.1.9.2 Revision of ration cards

As per clause 2(7) of the *Annexe* to the Public Distribution System (Control) Order, 2001, a ration card shall be valid for a period of five years from the date of its issue unless it is suspended or cancelled earlier. A ration card shall be issued afresh or renewed after fresh verification of antecedent and such other checks as may be prescribed by the State Government in this regard.

In the State, ration cards were issued in the year 2001-02 and these were required to be renewed by 2006-07 as per provision *ibid*. But the State Government initiated revision of ration cards only during 2009-10. As per action plan, ration cards were to be distributed by 10 February 2010, but are yet to be distributed (July 2010). The Director of FCS&CA stated (June 2010) that issue of new ration cards could not be done due to non-receipt of a district-wise BPL list from the Rural Development Department who conducted the BPL survey during 2009-10.

### 1.1.10 Allocation and Distribution of foodgrains under PDS

Requirement of PDS and TPDS foodgrains was assessed on the basis of number of ration cards and the scale of foodgrains to be issued under the scheme. On receipt of the allocation from GOI, foodgrains are lifted from the godowns of the FCI and are distributed to the beneficiaries through FPS. Validity period for lifting of foodgrains as per the allocation order is 60 days for each allocation month separately from the first day of the previous month of the allocation month and ending on last day of allocation month. Payment of the cost of the foodgrains allotted is to be made to FCI latest by 25 of each allocation month.

#### 1.1.10.1 Rice

The year-wise requirement, allocation, lifting and off take (distribution) of APL/BPL/AAY rice as furnished by the Department and FCI are given below:

**Table No. 1.1.4***(in lakh tonnes)*

Year	Requirement			Allocation			Lifting			Off take (issued to FPS)		
	APL	BPL	AAY	APL	BPL	AAY	APL	BPL	AAY	APL	BPL	AAY
2005-06	1.82	0.95	0.29	1.31	0.95	0.29	0.40	0.94	0.29	0.57	0.98	0.28
2006-07	1.82	0.95	0.29	1.45	0.95	0.29	1.02	0.95	0.29	1.04	0.94	0.29
2007-08	1.82	0.81	0.43	1.14	0.81	0.43	1.06	0.80	0.41	0.89	0.79	0.41
2008-09	1.82	0.77	0.47	1.26	0.77	0.47	1.24	0.76	0.48	1.10	0.77	0.47
2009-10	1.82	0.77	0.47	1.50	0.77	0.47	1.37	0.77	0.46	1.22	0.75	0.46
<b>Total</b>	<b>9.10</b>	<b>4.25</b>	<b>1.95</b>	<b>6.66</b>	<b>4.25</b>	<b>1.95</b>	<b>5.09</b>	<b>4.22</b>	<b>1.93</b>	<b>4.82</b>	<b>4.23</b>	<b>1.91</b>

Source: Departmental information and FCI.

Analysis of the projected requirement, allocation and lifting of rice revealed the following:

- During the last five years GOI allocated the full quota of BPL/AAY rice required and there was lifting and off take of the allocated quantity of rice over the years. In respect of APL rice, the GOI allocated 6.66 lakh tonnes rice during the last five years which was far below the projected requirement (9.10 lakh tonnes) and the actual off take was only 4.82 lakh tonnes. The un-lifted foodgrains lapsed and there was no case of reallocation of un-lifted foodgrains.
- The short lifting of APL rice during 2005-06 and 2006-07 was attributed by the Director of FCS&CA mainly to lesser demand of APL rice as the price of rice in the open market was more affordable to the public. The short lifting of the same commodity during 2007-08 to 2009-10 though insignificant was due to failure of the FCI to release the entire quantity of rice allocated by GOI.
- In order to ensure food security to the tribal inhabitants in hilly and remote areas, the State Government supplied additional rice (out of APL quota) to the beneficiaries in those areas where local production of rice was negligible and rice was not even available in local open market for meeting the actual requirement beyond the normal supply under TPDS. Consequent upon supply of additional rice to the hilly areas and short allocation of APL rice made by the GOI the scale of rice for APL consumers was reduced from 35 kg per family per month to 20 kg since April 2007.
- The issue price of the APL rice was fixed at ₹ 9.60 per kg<sup>7</sup>. The scale of rice was maintained at 35 kg per family per month and the issue price of rice has been maintained at ₹ 6.15 per kg<sup>8</sup> and ₹ 3 per kg for BPL & AAY families respectively.

#### 1.1.10.2 Wheat and Sugar

The year-wise position of allocation, lifting and off take during the period from 2005-06 to 2009-10 is shown below:

<sup>7</sup> FCI price ₹ 8.30 per kg + ₹ 1.30 overhead cost per kg. added by the State Government.

<sup>8</sup> FCI price ₹ 5.65 + ₹ 0.50 per kg. added as determined by the GOI.

Table No. 1.1.5

(in lakh tonnes)

Year	Allocation		Lifting		Off take (issued to FPS)	
	Wheat	Sugar	Wheat	Sugar	Wheat	Sugar
2005-06	0.48	0.30	0.30	0.16	0.30	0.18
2006-07	0.25	0.33	0.24	0.23	0.18	0.22
2007-08	0.25	0.35	0.22	0.28	0.17	0.24
2008-09	0.25	0.34	0.18	0.19	0.17	0.19
2009-10	0.28	0.34	0.25	0.29	0.18	0.26
	<b>1.51</b>	<b>1.66</b>	<b>1.19</b>	<b>1.15</b>	<b>1.00</b>	<b>1.09</b>

There was short lifting of wheat (21 *per cent*) and sugar (30 *per cent*) during 2005-06 to 2009-10. As a result the Department could distribute only 437 grams (2008-09) to 746 grams (2005-06) atta per head per month during 2005-06 to 2009-10 against the scale of 1 kg atta per head per month. Similarly, the Department could distribute only 360 grams, 509 grams and 396 grams sugar per head per month against the scale of 700 grams to the rural people during 2005-06, 2006-07 and 2008-09 respectively. The Director stated (July 2010) that there was short lifting of wheat and sugar mainly due to short delivery made by the FCI against the allocation and irregular induction of railway wagons in the State.

#### 1.1.10.3 Reconciliation of foodgrains released and lifted by State

The Department could not furnish periodical reconciliation Statement of foodgrains released by GOI and lifted by the State. The Director stated (August 2010) that reconciliation is being done regularly on the basis of certificate given on the over leaf of Release Order (RO) issued by the concerned FCI depot. The Commissioner and Secretary during exit conference (September 2010) assured that regular reconciliation with the FCI would be done henceforth.

#### 1.1.10.4 Suspected Misappropriation of PDS wheat/ whole meal atta

According to the agreement executed (December 2007) between M/S Matilal and Gouri Food & Storage Pvt. Ltd. Madhuban, Badharghat and Food, Civil Supplies and Consumer Affairs Department, Government of Tripura, allotment of wheat @ 800 tonnes per month was to be issued from December 2007 onwards for grinding into whole meal atta for delivery to the authorised sub-divisional nominees/ FP Shops under ARA.

Scrutiny of report of the physical verification of stock (March 2009) of the miller revealed that 399.20 tonnes of whole meal atta were not supplied to the authorised nominees/FPSs. Besides, of 223.08 tonnes of wheat-bran produced (October 2008) by the firm, 98 tonnes were sold in the open market at higher rate of ₹ 11 per kg (approved rate: ₹ 5.10 per kg for Government supply) in violation of the supply contract with the ARD Department who demanded 100 tonnes bran in September

2008. Thus, 399.20 tonnes atta and 98 tonnes bran valuing ₹ 2.78 crore<sup>9</sup> were suspected to be misappropriated by the miller between December 2007 and January 2009.

The Department issued a show cause notice to the miller (7 May 2009) who submitted a reply on 16 May 2009. After examining the reply, the Department issued a memorandum (July 2009) asking the miller to deposit ₹ 7.23 lakh within ten days but the miller did not deposit the amount within the stipulated period. The Department then rescinded the agreement executed with the firm and a first information report (FIR) was lodged (August 2009) with the Amtoli Police station, Bishalgarh Sub-division. On the other hand a writ petition was filed by the miller in Gauhati High Court, Agartala Bench. According to the judgment and order (12 April 2010) of the Hon'ble Gauhati High Court, Agartala Bench, FCS&CA Department was to make an enquiry within three months time. Pending disposal of the enquiry the State shall allot wheat for the amount mentioned in the agreement on monthly basis in favour of the firm provisionally for necessary conversion to whole mill atta and for distribution of the atta as per agreement.

The Department stated (July 2010) that enquiry by the Principal Secretary of the Department is in progress and a report will be submitted shortly to the Hon'ble High Court.

#### 1.1.11 Functioning of Fair Price Shops

The State Government, in general, limited the number of ration cards between 400 and 500 per FPS. There are 1607 FPSs in the State with 459 ration cards per FPS on an average. However, test check of the selected sample of 24 FPSs in 5 Sub-divisions and ARA showed that the number of ration cards attached per FPS varied from 232 (ration shop No. 76 of ARA) to 741 (Ration Shop No 1 at Gonki, Khowai).

A joint inspection of FPS with the representatives of the Department was conducted covering the 24 number of units selected. The following observations emerged from the inspection:

- the mandatory information<sup>10</sup> written on a notice board were displayed in all the FPSs visited.
- Monthly sales return of the FPS are checked and countersigned by the Chairman of FPS level Vigilance committee before submitting the same to the SDMs/ OC, ARA which was necessary for getting allocation of foodgrains for the subsequent months. It was seen that the prescribed scale of issue of rice was maintained in all the 24 FPS inspected.

<sup>9</sup> Atta @ ₹ 571 per quintal and bran @ ₹ 510 per quintal.

<sup>10</sup> (1) List of BPL and AAY beneficiaries, (2) entitlement of essential commodities, (3) scale of issue, (4) retail issue price, (5) Timing of opening and closing of FPS, and (6) stock of essential commodities etc.



- The dealers did not issue cash memos for sale of sugar to the consumers though recommended by the Committee on Public Accounts in its 79<sup>th</sup> Report in 2007. The Department is yet to take steps for enforcing the system of issue of cash memos for sale of sugar in all the FPS inspected (July 2010).



Photographs showing the display of mandatory information in ration shops.

#### 1.1.11.1 Inspection of FPSs

The Department fixed, in June 2006, the following target for inspection of FPSs by the Departmental officers which were revised in October 2006 for FPSs located in urban areas as detailed below:

Table No. 1.1.6

Sl. No.	Designation of the officers	Target of inspection Per month	Revised target for inspection in urban areas
1.	Inspector/ Sub-Inspector	15 FPSs	25 FPSs
2.	Chief Inspector	10 FPSs	15 FPSs
3.	Assistant Director/ SDC(Food)	05 FPSs	8 FPSs
4.	Officer-in-charge, Agartala Rationing Authority	07 FPSs	10 FPSs

According to the target fixed (June 2006) and revised target (October 2006) a total of 43,378 inspections were to be conducted by the inspecting officers during the period from July 2006 to March 2010 (**Appendix - 1.1**). Out of which a total 38,524<sup>11</sup> (**Appendix - 1.2**) inspections (89 *per cent* of the target) were reported to have been conducted during that period.

The Department did not maintain details of inspecting officer-wise number of inspections done. The records in respect of inspections done by the Officer-in-Charge, ARA, Assistant Directors and Sub-divisional Collectors, were not made available to audit. In the exit conference (September 2010) the Government stated that inspecting officer-wise inspection reports would be maintained henceforth.

#### 1.1.11.2 Pilferage of rationing commodities

Several instances of pilferage of commodities from FPSs to open market were noticed during the period under review. During inspection/ raids in the FPSs/ local markets, the following commodities were seized by the Departmental officers during April 2005 to March 2010.

**Table No. 1.1.7**

Commodities		Quantities	Value (Rupees in lakh)
1.	Rice	67.08 tonnes	6.37
2.	Sugar	4.62 tonnes	0.62
3.	Kerosene oil	23,375 litres	2.23
4.	Atta	0.85 tonnes	0.08
<b>Total:</b>			<b>9.30</b>
Details are given in <b>Appendix - 1.3</b> .			

The Department had also taken action against the persons/ dealers who were found to be involved in the aforesaid activities. During 2005-06 to 2009-10, 39 persons were arrested and the Department suspended 94 licenses, cancelled 73 licenses and issued 1897 show cause notices. Year-wise break up are shown in **Appendix - 1.4**.

The Department constituted the State Level Enforcement Team and District Level Enforcement Team only in 2008-09. It was seen that out of 67.08 tonnes of rice seized by the Department during 2005-06 to 2009-10, 50.44 tonnes (76 *per cent*) were seized during 2008-09 and 2009-10 i.e. after constitution of the Enforcement teams.

#### 1.1.12 Quality control on foodgrains under PDS

As per provisions of PDS (Control) Order 2001, before making the payment to the FCI the representatives of the State Government or their nominees and the FCI shall conduct joint inspection of the stock of foodgrains intended for issue to ensure that the stock conform to the prescribed quality specifications. Further, the FCI was also to issue to the State Government, stack-wise sealed samples of the stock of foodgrains supplied to them for distribution, under the PDS at the time of dispatch. It was

<sup>11</sup> Inspections: 37235 + Raids: 1289



noticed that joint inspection at the time of taking foodgrains was not conducted. FCI also did not issue any sealed samples of stock of foodgrains to the State Government during 2005-06 to 2009-10. Besides, as per the information furnished, Department did not have any laboratory of its own to test samples of foodgrains to ensure quality of foodgrains issued. The Department stated (July 2010) that as and when suggested by the technical wing of the Department, the supplies were tested by the 'Public Analyst' of the State Health Department at Agartala. But the details of sample collected, outcome of such test result, etc., were not on record. This indicated inadequacy of the test facilities available with the Department. As such the possibility of supplying inferior quality of foodgrains to beneficiaries under PDS could not be ruled out.

#### 1.1.13 Physical verification of Stores

According to Provision under GFR 116, all Government stores are required to be physically verified once in a year. It was noticed that physical verification of 65 godowns out of 115 had not been done for periods ranging from 1 to 14 years. It was also seen that the stock of Central Stores, at A.D. Nagar, Agartala which caters to about 41 *per cent* of the total foodgrains lifted and distributed, was not physically verified during the last 14 years (1997-2010). Thus, the extent of loss due to transportation, handling, pilferage, theft, etc., remained un-assessed. The Government in the exit conference stated (September 2010) that the physical verification of Central Stores, AD Nagar, Agartala could not be conducted due to shortage of Dy. Collector Level officers who were to do the job as per norms. The matter will be taken up on priority basis and the physical verification will be completed shortly.

#### 1.1.14 Construction of Godowns

GOI released ₹ 3.80 crore during 2008-09 and 2009-10 (₹ 1.98 crore<sup>12</sup> in December 2008 and ₹ 1.82 crore<sup>13</sup> in November 2009) for construction of 14 godowns. Test check of records revealed that out of ₹ 3.80 crore, ₹ 3.36 crore was allocated to the State PWD (upto July 2010) for construction of 12 godowns<sup>14</sup> and the balance amount of ₹ 43.89 lakh remained un-allocated (July 2010). The Department stated that the funds could not be placed to the PWD in time due to problems in selection of land. The progress of construction of the godowns was not made available to audit.

#### 1.1.15 Transportation and Reimbursement of Transport Subsidy

Transportation of rice, wheat, sugar, etc., from one godown to another including FCI points was made by contractors. The rate for carrying of the goods was approved by the departmental purchase committee (under the Chairmanship of the Principal Secretary of the Department) through invitation of tenders every two years.

<sup>12</sup> For 5 godowns at Kanchanpur, Gandacherra, Silachari, Ganganagar, Chamanu .

<sup>13</sup> For 9 godowns at Sabroom, Manubazar, Rajnagar, Ampinagar, Kumarghat, Kamalpur, Belonia, Teliamura and Melagarh.

<sup>14</sup> Kanchanpur, Gandacherra, Silachari, Ganganagar, Sabroom, Manubazar, Rajnagar, Ampinagar, Kumarghat, Kamalpur, Belonia, and Melagarh.

Hill State Transport Subsidy (HSTs) is applicable to the State for transportation of foodgrains under PDS with effect from 1<sup>st</sup> November 1990. These transport charges cover the expenditure incurred by State Government for moving foodgrains from two base depots (Agartala and Dharmanagar) of FCI to the 13 approved Principal Distribution Centres<sup>15</sup> (PDCs). These charges are reimbursed by the FCI on actual basis as certified by the State Government. The HSTs claim is required to be preferred fortnightly or monthly.

It was noticed that 368 bills/ claims for ₹ 3.17 crore (**Appendix - 1.5**) pertaining to the period from 1998-99 to 2009-10 submitted to FCI during April 2004 to September 2010 were pending reimbursement from the FCI mainly due to submission of claims with insufficient and improper supporting documents such as copies of release order, prescribed certificate required to be furnished by the Department etc. In addition to above, 515 claims (**Appendix - 1.6**), the amount not yet assessed by the Department pertaining to the period from 2004-05 to 2009-10 were lying with the Department. These claims could not be preferred to FCI (September 2010) for reimbursement mainly due to non-receipt of details of cheques (indicating the number, date, amount, the bank in which drawn, bank branch, the parties name for cheques issued), acknowledgement receipt of stock from the recipient centres, completion certificate from FCI etc. This indicates that the Department did not evolve proper mechanism for obtaining timely reimbursement of claims on transportation of foodgrains under PDS. As a result, the State could not avail the full benefit of subsidies provided for under the scheme in a timely manner.

The Government in the exit conference (September 2010) agreed to evolve a system for streamlining claims through approved format from FCI including computerisation.

#### 1.1.16 Other Welfare Schemes

##### 1.1.16.1 NP-NSPE (MID-DAY-MEAL)

Under the Mid-day-Meal (MDM) programme, free foodgrains are supplied @ 100 grms and @ 150 grms per child per day for children studying in schools at primary (Class I to V) stage and upper primary stage respectively. Local Depots of the Food Corporation of India (FCI) were to supply the foodgrains and centralised payment of the cost of foodgrains is made to the FCI by the Government of India.

The position of allocation, lifting, off take during 2005-06 to 2009-10 is shown below:

<sup>15</sup> 1) Agartala, 2) Dharmanagar, 3) Kumarghat, 4) Ambassa, 5) Udaipur, 6) Amarpur 7) Bakafa, 8) Belonia, 9) Sabroom, 10) Gandacherra 11) Kamalpur, 12) Kanchanpur, and 13) Chamanu.

**Table No. 1.1.8***(In tonnes)*

Year	Allocation			Quantity lifted		
	Primary	U/Primary	Total	Primary	U/Primary	Total
2005-06	9505.14	000	9505.14	9429.86	00	9429.86
2006-07	5386.04	000	5386.04	5183.02	00	5183.02
2007-08	9316.64	353.08	9669.72	9316.64	353.08	9669.72
2008-09	3990.68	2574.00	6564.68	3990.68	2574	6564.68
2009-10	2597.28	2809.86	5407.14	2597.28	2597.76	5195.04
	<b>30795.78</b>	<b>5736.94</b>	<b>36532.72</b>	<b>30517.48</b>	<b>5524.84</b>	<b>36042.32</b>

Scrutiny of records of the Directorate of FCS&CA and Directorate of Education (School) Departments revealed the following:

- 278.29 tonnes rice could not be lifted under MDM (primary schools) scheme during 2005-06 and 2006-07 due to non-availability of rice with the FCI.
- During 2009-10, allotment of 212.10 tonnes of free rice under MDM (upper primary schools) lapsed as the Department failed to lift the same from FCI due to late receipt of allocation order from the Directorate of Education (School) Department and non-arrangement of adequate number of vehicles for transportation. It was noticed that for implementation of the scheme, the same quantity of rice (212.10 tonnes) was diverted from APL quota at a cost of ₹17.60<sup>16</sup> lakh. Hence, the Department sustained a loss of ₹ 17.60 lakh due to lapse of the allocated free rice.

The Government, in the exit conference (September 2010) accepted the loss of ₹17.60 lakh and stated that the circumstances under which the arrangement for adequate number of vehicles for lifting and transportation of the 212.10 tonnes free rice could not be made will be examined and necessary action taken.

#### 1.1.16.2 Nutritional Programme for Adolescent Girl (NPAG)

Under the NPAG scheme, pregnant and lactating women with body weight less than 40 kg and adolescent girls with body weight less than 35 kg are entitled to get 6 kg of rice per month free of cost for a period of three consecutive months. The year-wise position of allocation and lifting for the period from 2005-06 to 2009-10 as furnished by the Department are given below:

**Table No. 1.1.9***(In tonnes)*

Year	Allocation	Quantity lifted	Remarks
2005-06	1123.22	1123.22	
2006-07	1420.00	1420.00	
2007-08	1032.57	1032.57	Utilised for SNP/WBNP.
2008-09	1097.57	887.56	Balance 210.01 tonnes were lifted in 2009-10.
2009-10	362.92	572.93	210.01 tonnes was lifted out of allotment of previous year (2008-09).
	<b>5036.28</b>	<b>5036.28</b>	

Source: Departmental records.

<sup>16</sup> ₹8300 x 212.10 = ₹17,60,446.60.

Scrutiny of record revealed that the entire quantity of 1032.57 tonnes rice (costing ₹ 66.19 lakh) allocated under the scheme during 2007-08 was diverted for implementation of Supplementary Nutrition Programme (SNP)/Wheat Base Nutrition Programme (WBNP) programme. As a result 57,365 undernourished women and girls were deprived of the allocated 18 kg rice per head free of cost for three months (6 kgs per month) during 2007-08.

The Director stated (July 2010) that the concerned SDMs had been instructed to take necessary steps to adjust the diverted quantity of NPAG rice. Further development in this regard was awaited. Even if the adjustment is carried out, the fact remains that the targeted group of people were denied their allocation during 2007-08 due to such diversion.

The Government in the exit conference stated (September 2010) that the diversion was made by the Social Welfare and Social Education Department being the nodal department. The audit observation would be communicated to that Department for necessary action.

#### 1.1.16.3 Wheat Base Nutrition Programme/SNP (WBNP)

The GOI had allotted monthly quota of foodgrains under WBNP with the instruction for depositing the cost of foodgrains against allotted quota within 20<sup>th</sup> of each month and lifting by 25<sup>th</sup> of the month, otherwise the allotment/ balance quantity would lapse. Detailed position of allocation and lifting during 2005-06 to 2009-10 were as under:

Table No. 1.1.10

(In tonnes)

Year	Allocation	Quantity lifted	Remarks
2005-06	3909.00	3909.00	--
2006-07	2512.00	2512.00	--
2007-08	4228.00	4228.00	--
2008-09	5547.00	4659.02	887.98 tonnes was not lifted due to non-depositing the cost of foodgrain by Directorate of Social Welfare and Social Education Department.
2009-10	9482.00	6769.00	2713 tonnes was not lifted due to non-depositing the cost of foodgrain by Directorate of Social Welfare and Social Education Department.
	<b>25678.00<sup>17</sup></b>	<b>22077.02</b>	

It was seen that 3600.98 tonnes of rice were short lifted during 2008-09 and 2009-10. The Director stated (July 2010) that 887.98 tonnes of rice could not be lifted due to failure of the Social Welfare and Social Education Department in depositing the cost, and 2713 tonnes of rice could not be lifted as the allocation order was received after expiry of the validity period. The attempt to lift the foodgrains after the validity period was also not accepted by the FCI.

<sup>17</sup> Does not include 1058 tonnes of rice allocated during 2009-10 as communicated by GOI on 26.4.2010 after the expiry of the financial year, the validity period of lifting of which was up to 31.5.2010.

### 1.1.17 Monitoring and evaluation

#### 1.1.17.1 State Level Vigilance Committee (SLVC)

The Department did not constitute SLVC for monitoring the PDS. A State Level Enforcement Team (SLET) consisting of four members<sup>18</sup> headed by one Assistant Director was constituted in July 2008. The team was to perform enforcement activities across the State in addition to their normal duties. However, a State vigilance team was constituted in March 2009 headed by the same Assistant Director who was heading the enforcement team, two Inspectors of ARA were attached with the team in addition to their normal duties. The team was to exercise vigilance over the functioning of PDS network including open market and take necessary action as per statutory provision of the law in all Sub-divisions of the State. The Department did not prescribe any schedule for submitting fortnightly /monthly/quarterly report by the teams.

Scrutiny of records revealed that the officer heading the State Level Enforcement Team was also assigned (December 2008) the charge of the District Level Enforcement team for Dhalai district and Agartala Municipal Area. Thus, the activity of the State Level Enforcement Team was adversely affected. As per information made available to audit only four inspection reports were submitted by the SLET during July 2008 to August 2009. These reports contained *inter alia*, seizure of 8,890 kg rice, 2,080 litre kerosene oil, 100 kg sugar, and FIRs were lodged in 9 cases against the inspection of 23 cases.

#### 1.1.17.2 District Level Vigilance Committee (DLVC)

The Department did not constitute any DLVC. However 4 District Level Enforcement Teams (DLET) were constituted in November 2008 consisting of two members in each team. The members of the team, in addition to their normal duties were to exercise the vigilance of the functioning of PDS including monitoring the market price of essential commodities, etc., and to take necessary action as per statutory provisions of the law. These teams were reconstituted (December 2008) with the creation of a separate enforcement team for Agartala Municipal Area. The DLETs were again reconstituted in September 2009. The teams were to conduct tours at least 10 days in a month to perform effective enforcement activities and submit weekly report to the Director, FCS&CA with a copy to the concerned DM& Collector and Sub-divisional Magistrate respectively. A total of 272 reports<sup>19</sup> were to be submitted by 4 DLETs during the period from November 2008 to March 2010, against which, only 10 reports<sup>20</sup> were submitted by the DLET which is indicative of a very negligible number of inspections conducted by the DLETs. These reports contained *inter alia*

<sup>18</sup> One Assistant Director, in charge of ARA, one Chief Inspector (ARA), two Inspectors, one from SDM, Sadar and the other from the Directorate.

<sup>19</sup> 4 teams x 4 weeks in a month x 17 months = 272.

<sup>20</sup> As per reports made available to audit.

seizure of 7,310 kg rice, 7,383 litre kerosene oil, 100 kg sugar, 50 kg Atta and FIRs were lodged in 15 cases against the inspection of 78 cases.

#### 1.1.17.3 Sub-divisional Supply Advisory Committee (SSAC)

The Department constituted SSAC in all Sub-divisions and in Agartala Rationing Authority Area. The Committee was to advise Sub-divisional authorities in all matters relating to functioning of FPSs, distribution of foodgrains and other essential commodities. Powers have been delegated to the SSAC for proper functioning of the committees, such as to inspect any premises used for sale, distribution and storage of foodgrains, inspect book of accounts of sellers/ distributors, checking of weight and measures used in any transaction relating to sale/distribution of foodgrains. The Committee was to be assisted by the Sub-Divisional Level Officers of FCS&CA and meeting was to be held at least once in a month.

The number of meetings held in the 5 test checked sub-divisions and ARA area during the period from 2005-06 to 2009-2010 was found to be inadequate against the target fixed. As per target, 348 meetings<sup>21</sup> were to be held during that period against which only 21 meetings<sup>22</sup> were held where the following main decisions were taken:

- Bifurcation of FPS limiting 400 to 500 cards per FPS.
- Conducting awareness programme for the members of FPS level Vigilance Committees.
- Review of BPL/AAY families.
- Modification of double rationing areas.

The Government in the exit conference stated (September 2010) that the activities of SSAC would be strengthened and quarterly activity reports will be obtained from the concerned SDMs for review.

#### 1.1.17.4 FPS Level Vigilance Committee

The Department constituted FPS level vigilance committee in all FPS areas. The main functions of the Committees are to monitor and supervise the working of the FPSs in terms of their opening, working hours, regularity of distribution of commodities, etc. The Committees have the power to verify all records maintained by FPS dealers including checking of stock, sale register, cash memo, records relating to Delivery Orders (DOs) etc. Meeting of the Committee was to be held on prior intimation to the members but the number of meetings to be held in a year was not specified by the Department.

The Committee did not furnish any report on its activities to the SDMs and OC-ARA during the period under review. However, all the 5 selected SDMs (Sadar, Khowai,

<sup>21</sup> 240 meetings in 4 subdivisions (Sadar, Bishalgarh, Sonamura and Khowai) + 60 meetings in ARA area + 48 meetings of Teliamura Subdivision.

<sup>22</sup> ARA:8, Sadar Subdivision: 3; Khowai: 4; Sonamura: 3; Bishalgarh: 2 and Teliamura: 1.



Sonamura, Teliamura and Bishalgarh) and OC, ARA stated (July 2010) that the Committee regularly monitored the functioning of the FPS. The monthly returns submitted by the FPSs to the SDMs/OC, ARA were countersigned by the Chairman of the FPS Vigilance Committee as token of check before issue.

The Government in the exit conference stated (September 2010) that the activities of FPS level Vigilance Committee would be strengthened and quarterly activity reports will be obtained from the concerned SDMs for review.

#### 1.1.17.5 Submission of Progress report and utilisation certificates

As per the provisions of the PDS (Control) Order, 2001 the State Government is to submit progress report in Form –C to the GOI at the end of the following month on which allocation of foodgrains was made. Utilisation certificate (UC) was to be submitted within a period of two months from the month in which the allocation was made. The State Government submitted progress report and UC for the allocation of foodgrains made up to December 2009. Test check of records for the year 2009-10 revealed that the delay in submission of progress report and UC ranged between 2 and 8 months (**Appendix - 1.7**) from the due date of submission.

#### 1.1.17.6 Online monitoring and management system

The Department made an attempt in 2006 to introduce online monitoring system through a website called “*Public Distribution Monitoring System*” under NIC server for daily updating of godown-wise stock position of foodgrains, agency-wise stock position of POL and LPG and market prices of essential commodities. Due to non-availability of basic component of networking in all the field offices, monitoring system for Public Distribution could not become operational in the State.

A proposal for computerization of PDS, formulated (September 2006) by the State Government with an estimated cost of ₹ 0.77 crore, was forwarded to GOI in 2006. The proposal includes creation of database of ration card holders, allocation/lifting and issue of foodgrains to the fair price shop dealers, inventory management, and faster exchange of information between the different levels of the Department. It was also aimed at establishing inter connectivity between the Directorate and all the SDMs, BDOs, and distribution centres. However, approval and financial sanction for the project was not received till July 2010. Thus, none of the PDS activities has been computerized so far and all the Utilisation Certificates and the periodical reports are being sent to GOI through manual process. A monitoring mechanism of the prices of essential commodities between the State and the Ministry of Consumer Affairs, Food & Public Distribution is being done through a web based MIS maintained by the GOI.

#### 1.1.17.7 Evaluation

The National Sample Survey Organisation conducted a study on implementation of TPDS covering the major States in the country. The result of the study was

communicated to the State Government by the GOI in July 2007 with a request to implement 9 points<sup>23</sup> action plan formulated for strengthening of TPDS. The follow up action taken by the Department was communicated to the GOI in September 2007. The action points such as putting the district/FPS wise allocation of foodgrains on the website for public scrutiny, door step delivery of foodgrains and computerization of TPDS operation had not been implemented by the Department (July 2010).

The Government in the exit conference stated (September 2010) that the introduction of door step delivery of foodgrains was not feasible in the present set up.

#### 1.1.18 Conclusion

The performance of PDS in the State with reference to the provision of PDS (Control) Order 2001 and guidelines issued by the Department revealed that Cash Books for transactions under Cash Credit Account and Revolving Fund Account were not maintained as per the requirement. The Department has not put in place a system of periodical reconciliation of foodgrains released and lifted by the State. There was short lifting of foodgrains under APL, MDM and WBNP schemes. Under NPAG a large number of undernourished women and girls were deprived of getting rice free of cost due to diversion of rice from this scheme to another scheme and the objectives of the NPAG scheme were frustrated. Joint inspection to ensure the quality of foodgrains was not carried out and the Department also did not have any laboratory of its own to check/test the quality of foodgrains supplied. The Department could not get timely and regular reimbursement of transport subsidy for distribution of foodgrains. Huge number of claims have not been submitted to FCI due to lack of required documents.

#### 1.1.19 Recommendations

- The Department should take effective steps to ensure proper preparation and maintenance of Cash Books under Cash Credit Account and Revolving fund Account in all the relevant centres of PDS as per guidelines.
- Physical verification of Central Stores should be conducted at the earliest.
- Reimbursement system of transport subsidy claims should be streamlined through computerisation of the activities to ensure timely receipt of claims.
- Online monitoring mechanism in the Department should be strengthened at the State and District level in order to ensure effective implementation of the scheme.

<sup>23</sup> 1) Review of BPL/AAY list, 2) Ensuring leakage free distribution of foodgrains by taking strict action against guilty, 3) Involvement of PRI members, 4) Display of BPL/AAY list on the FPS, 5) District and FPS wise allocation of foodgrains put on website as public scrutiny, 6) Door step delivery of foodgrains, 7) Timely availability of foodgrains at FPS, 8) Training of members of FPS level vigilance Committee, and 9) Computerization of TPDS operation.



## REVENUE DEPARTMENT

### 1.2 Information Technology Review of Tripura Registration Information System (TRIS)

*Tripura Registration Information System (TRIS), a project for computerization of registration process was initiated in 2004 to provide efficient and simplified service delivery to common citizen. The system has not yet been made fully operational even in the pilot district of West Tripura and no plan for roll out in all the districts has been formulated as envisaged despite lapse of four years .*

Though started in 2004, the computerisation of Registration Services is yet to be made fully operational due to non-fulfillment of essential functional requirements and deficiencies in the application software. The Department has not initiated switch over plan for the selected pilot District of West Tripura and roll out plan for the remaining three Districts of Tripura.

(Paragraphs 1.2. 6 and 1.2.17)

Absence of adequate provision in the system to capture value of immovable properties resulted in manual intervention in determining stamp duty and registration fees. Market value generation through transparent process was not achieved due to non-implementation of Market Value Assessment module.

(Paragraphs 1.2.7.1 and 1.2.9)

The objective of providing reliable information through online query facilities to applicants could not be fully achieved due to deficiencies of the system.

(Paragraphs 1.2.7.3 and 1.2.7.4)

Benefits of integration between Land Registration and Land Record Database could not be achieved due to non-capturing of plot-wise actual area of land.

(Paragraph 1.2.7.5)

Partial capturing of photographs and thumb impressions of buyers and sellers in the TRIS diluted the objective of providing information for minimizing fraud and land disputes.

(Paragraph 1.2.11)

Lack of business continuity and disaster recovery plans resulted in loss of 44 months data in Khowai Sub-Registrar office. Besides, database back up were also not taken in CDs or Tape for offsite storage due to the absence of adequate trained personnel.

(Paragraph 1.2.18.2)

#### 1.2.1. Introduction

The Government of Tripura initiated a project for computerization of registration services called Tripura Registration Information System (TRIS) in June 2004 in order to harness the benefits achieved from the computerization of land records. The Department of Information Technology (DIT) under the Ministry of Communication and Information Technology (MCIT), Government of India agreed to provide technical and financial support (August 2004) for the project at a total outlay of ₹ 140

lakh. The project involved replication of a land registration system 'Computerization of Registration of Documents (CORD)', developed by National Informatics Centre (NIC) and implemented in West Bengal through National Informatics Centre Services Incorporated (NICS), New Delhi. TRIS project was to be implemented by NICS, M/s ICICI Infotech was engaged by DIT to provide consultancy for the project in close coordination with the Revenue Department, Government of Tripura.

TRIS is a Client Server System implemented over a LAN, comprising of Windows 2003 (Server OS), Visual Basic and ASP.net as front-end tool and SQL Server as back-end database engine developed by National Informatics Centre (NIC). The hardware and the related software were procured and installed by NIC through NICS. The project was to be implemented in three phases in the four Sub-Registrar Offices<sup>24</sup> of the selected pilot district of West Tripura and then rolled-out in the entire State. District Information Officers of NIC posted in the district headquarters are providing technical support.

### 1.2.2. Objectives of the project

The main objectives of the implementation of TRIS project are to:

- simplify and bring transparency in the complex registration procedures, valuation of properties, and calculation of stamp duty and registration fees.
- provide a complete solution to land records maintenance and registration process.
- minimize fraud and land disputes by preserving photographs and thumb impression of seller, buyer and witnesses.
- bring in reliability and consistency of information through the system.
- provide one stop and faster service delivery to the citizen with online query on status of applications, registered deeds, standardisation of the language of deed documents, and issue of certified copy of registered documents by scanning the registered deed documents.
- generate MIS reports for monitoring activities of all registration process.

### 1.2.3 Organisational set-up

Revenue Department headed by the Principal Secretary through DM & Collector, District Registrar and Sub-Registrar is the implementing department. A State Level Project Steering Committee (SLPSC) under the chairmanship of Commissioner and Secretary, Revenue Department was constituted in September 2004 to resolve all technical issues, and to take decision and monitor various activities such as procurement of software and hardware, site preparation, data entry, engagement of project staff, etc. during implementation of the project. M/s ICICI Infotech and NIC

<sup>24</sup> Sub-Registrar Office, Bishalgarh, Sub-Registrar Office, Khowai, Sub-Registrar Office, Sadar and Sub-Registrar Office, Sonamura.

were associated for providing technical support. Existing staff of Sub-Registrar Offices were utilised for implementation of the project and operation of the system.

#### 1.2.4 Scope and Methodology of Audit

The scope of audit included test-check of the records in the Revenue Department, District Registrar Office and four Sub-Registrar Offices<sup>25</sup> in the selected pilot West Tripura District. Verification of the general and application controls of the TRIS was conducted. The database of the four Sub-Registrar Offices were also analysed to check data completeness, regularity and consistency by using audit software tool namely IDEA (Interactive Data Extraction and Analysis). Records relating to expenditure for implementation of TRIS were examined.

#### 1.2.5 Audit Objectives

The audit objectives are to ascertain whether:

- Objectives of project are achieved: (i) simplification and transparency in the registration process; (ii) valuation of market value of land and proper determination of stamp duty and fees; (iii) online registration of land and digitisation of land record maintenance with photographs and thumb impression of sellers and buyers; and (iv) online enquiry on registration details and land records and efficient delivery of services.
- Activities as required to achieve the objectives have been implemented.
- Database is complete, secure and reliable.
- Physical and logical access controls are adequate.
- IT Security and business continuity plan are in place.
- Procurement, supply, installation and maintenance of hardware are adequate.
- Personnel management and training policy are adequate.

#### *Audit Findings*

##### 1.2.6 Implementation of the system

The project of TRIS commenced in October 2004 in the pilot district of West Tripura District, with a stipulation to complete all the activities within 12 months. Thereafter, the system was to be rolled out in the entire State. The project has been implemented in all the four Sub-Registrar Offices of pilot district (West Tripura) during the period of January and September 2006. However, due to non-fulfillment of the functional and change management requirements and deficiencies in the application software, the systems have been in operation with manual intervention at different input levels. Since the system is yet to fully stabilize, the Department has not switched over from the manual system to TRIS even after a lapse of four years of its implementation.

No activities for implementation of the project in the other nine Sub-Registrar offices of the remaining three districts<sup>26</sup> of the State have been initiated till June 2010. The State Government has not fixed any target dates either for complete switchover to the

<sup>25</sup> Bishalgarh, Khowai, Sadar and Sonamura.

<sup>26</sup> Dhalai, North Tripura and South Tripura District.

computerized system where TRIS has been implemented or for roll-out plan of the system in the entire State. Though the State Government had sent a proposal to Government of India in March 2006 for providing additional funds of ₹ 131.00 lakh for replication of the project in the remaining three Districts, neither funds have been received nor any provision made in the State budget for the project.

A proper monitoring mechanism is required for effective implementation of any IT project. SLPSC was responsible for monitoring the project implementation in the pilot district, which was to meet at least once in two months. SLPSC held six meetings during the period from October 2004 to February 2006. Thereafter, no monitoring existed at SLPSC level though the implementation of TRIS in the pilot district continued till September 2006. In the absence of any monitoring mechanism at the State level to oversee the successful operation of TRIS in the pilot District, the application software still suffers from many system deficiencies and complete switchover from the manual system to the computerized TRIS has not taken place till June 2010.

The Department while agreeing to the functional deficiencies in the application software stated during the exit conference (September 2010) that the deficiencies were expected to be sorted out soon. The Department also stated that roll out of the system in the entire State was pending for want of funds.

### **1.2.7 Deficiency in Application Software**

#### **1.2.7.1 Consideration value (sale value) of immovable properties was not considered by the system while calculating stamp duty and registration fees**

In the registration of sale deeds of immovable properties, the stamp duty and registration fees are determined based on market value of immovable properties or consideration value (sale value), whichever is higher. For this purpose, a provision has been made in the TRIS for capturing consideration value as well as market value of immovable properties by manual entry. The system was to calculate the stamp duty and registration fees by taking into account the consideration value or market value which ever is higher. However, the system calculated stamp duty and registration fees based on market value, and consideration value was not taken into account even when higher than the market value. Even in respect of partition deeds, the system calculated wrongly the stamp duty and registration fees. Consequently, the manual intervention was still required to have correct calculation and realisation of stamp duty and registration fees, thus nullifying the very purpose of computerization.

The Department during the exit conference (September 2010) accepted the observation and stated that necessary action is being taken.

#### **1.2.7.2 Lack of basic inputs required for verification/ assessment of land value**

In the case of registration of sale deeds of immovable properties, some basic information like approach road, adjacent road, are essential for assessment of market value, details of boundaries, etc. and also for identification of the physical location of the land. Other essential information of executants (seller) such as age, whether SC/ST, no objection certificate for transaction of immovable properties from tribal to

non-tribal are also required to be captured into the system's database for the purpose of verification before registration of deeds and for generation of various MIS reports. However, scrutiny of database revealed that required information such as approach road, adjacent road, executant's age, SC/ST category were not captured in the system in any of the Sub-Registrar Offices audited. Details of boundaries of land (name of land owners of North, South, East and West of the proposed land) in 948 cases were not captured in the database of Sub-Registrar Office, Khowai.

### 1.2.7.3 Non-updation of processed documents by the system renders the online query facilities unreliable.

One of the objectives of the project was to provide online query for viewing the status of the documents by the applicants. Scrutiny of the database and the application system revealed that in all cases of 'Visit Commission'<sup>27</sup>, as soon as the application details are captured, the status of documents are shown as pending and remained unchanged even after the whole processes of registration were completed in the system.

Example of Print Screens on the status of documents in respect of 'Visit Commission' cases as generated from TRIS at Sub-Registrar Office, Bishalgarh are given below:

Print Screen of the status of Visit Commission cases:

**Status of Documents at a Glance :-**

**[2 01] S.R.Bishalgarh**

From Serial No. :-

Year

[ Press =Tab= Key or type any document sl. no. see status onwards ]

Serial No.	Tran. Code	Permanent No.	Presentant Name	Admitted	Pending Cleared	Pending for VC
00147	0101	I-00131	Mafij Uddin	Y	Y	No
00148	0101	I-00132	Haradhan Dey	Y	Y	No
00149	0101	I-00153	Parimal Ch Pal	Y	Y	No
00150	0101	I-00133	Nitai Chand Deb	Y	Y	No
00151	4002	IV-00005	Anjan Pal	Y	Y	No
00152	0101	I-00154	Surajit Sarkar	Y	Y	No
00153	0101	I-00134	Banasree Saha	Y	Y	No
00154	0101	I-00135	Jyotsna Bala Sen	N	N	Yes
00155	0101	I-00136	Jyotsna Bala Sen	N	N	Yes
00156	0101	I-00164	Sashi Kumar Debbarma	Y	Y	No
00157	0101	I-00137	Santi Bhushan Pal	Y	Y	No
00158	0101	I-00138	Santi Bhushan Pal	Y	Y	No

EXIT

*Note: Records at Sl. No .00154 and 00155 are Visit Commission cases registered with Permanent No. I-000135 and I-000136 which were disposed off, but the Status of Document shows as 'Pending for VC'.*

In respect of cases registered in the office, the status of the documents was being shown as admitted irrespective of whether the documents were actually registered,

<sup>27</sup> Registering Officer is required to attend to the parties at a place other than his office for registration, which is done on payment of fees as prescribed by the Government.

refused or kept pending as seen in the Print Screen of the status of documents given below:



#### **Status of Documents at a Glance :-**



[2 01] S.R.Bishalgarh

From Serial No. :-

00001

[ Press =Tab= Key or type any document sl. no. see status onwards ]

Year

2009

Serial No.	Tran. Code	Permanent No.	Presentant Name	Admitted	Pending Cleared	Pending for VC
00716	0101	I-00675	Numehara Begam	Y	Y	No
00717	0101	I-00676	Sabir Ali Anchari	Y	Y	No
00718	0304	I-00677	Bidhan Ch Saha	Y	Y	No
00719	0101	I-00678	Jaharlal Sarkar	Y	Y	No
00720	3001	III-00027	Rakhal Ch Debnath	Y	Y	No
00721	0802	I-00679	Hhupesh Ch Saha	Y	Y	No
00722	0101		Ranjit Banik	Y	Y	No
00723	0101	I-00681	Chitta Ranjan Bhattacharjee	Y	Y	No
00724	0101	I-00682	Chitta Ranjan Bhattacharjee	Y	Y	No
00725	0101	I-00683	Sudhangshu Ranjan Malik	Y	Y	No
00726	0101	I-00684	Sudhangshu Ranjan Malik	Y	Y	No
00727	0101	I-00685	Sudhangshu Ranjan Malik	Y	Y	No



EXIT

*Note: Record at Sl. No. 00722 is Sale Deed Document not registered (Permanent No blank) but Status of Document shows as 'Pending cleared'.*

Further scrutiny of the database revealed that there are many cases awaiting final disposal but were shown as 'pending cleared' in the system in respect of cases registered in the office while in respect of cases registered at places other than office (i.e. 'Visit Commission' cases) though the process of registration was complete, the system was showing it as 'Pending' in three Sub-Registrar Offices as shown below:

**Table No. 1.2.1**

Name of Sub-Registrar Office	No. of cases registered			No. of cases awaiting disposal	
	Visit commission	In the office	Period	Visit commission	In the office
Bishalgarh	182	12837	06/2006 to 04/2010	14	466
Sadar	888	40711	01/2006 to 03/2010	30	2240
Sonamura	294	7631	9/2006 to 04/2010	12	334
<b>Total</b>	<b>1364</b>	<b>61179</b>		<b>56</b>	<b>3040</b>

Since the system does not provide correct status of the documents during its processes under such fields as admitted, verified, registered, refused/ kept pending or ready for delivery, the objective of providing reliable information through online query facilities to applicants could not be fully achieved.

The Department stated during exit conference (September 2010) that the online query facilities would be available after modification of the existing software which has already been taken up.

#### **1.2.7.4 Inadequate provision for capturing details on pending/refused cases**

During registration of any land document, if the Registrar is not satisfied with the deed documents presented by the executants due to deficiencies like incorrect



valuation of market value, non-attachment of required documents or for any other reasons, he may keep as pending or refuse to register the documents with recorded reasons. Scrutiny of the application software revealed that a provision has been made in the system to capture only seven specific reasons<sup>28</sup> against pending/refused cases. Further scrutiny of the records revealed that 31 cases<sup>29</sup> were refused by the Sub-Registrars in West Tripura District during the process of registration and the reasons were recorded manually in separate registers. Due to inadequate provision in TRIS for capturing reasons for refused cases, the records of refused/pending cases were maintained manually. Thus, the objective of bringing transparency in registration process and monitoring of cases through MIS reports could not be fully achieved.

#### **1.2.7.5 Non-integration of Land Registration database with Land Records database due to non-capturing of plot-wise actual area of land.**

Integration of Land Registration database with that of Land Records database for cross verification at the time of registration to minimize fraud and land disputes was one of the key features of the project. This could be possible only if the Land Records database (records of right) is updated online when any immovable property is registered. Besides, plot-wise actual area of land proposed for transfer are also required to be captured in the Land Registration database for cross verification with the plot-wise area of land available in the Land Records database. However, scrutiny of Land Registration database revealed that plot-wise total area of land was not captured accurately. In most cases the whole area of land was captured under one plot number even when the transactions involved more than one plot. Plot-wise details are not available in the existing deed documents. Thus, due to non-capturing of accurate plot-wise actual area of land no cross verification could be done during registration of sale deed of immovable properties in TRIS. Unless accurate plot-wise actual areas of land are captured at the time of registration, integration of the database of the Land Registration and Land Records will not facilitate cross verification between the two databases to minimize possible fraud and land disputes.

The Department during exit conference (September 2010) stated that instructions were being issued to capture the plot-wise area of land.

#### **1.2.8 Delay in providing services**

One of the main objectives of the implementation of Tripura Registration Information System was to provide faster services to applicants. The system should provide registered documents on the same day of land registration, for which the manual system takes 4-5 days. However, scrutiny of the databases of three Sub-Registrar Offices revealed that 23 *per cent* (13,702 out of 59,416) of the documents registered during the period from July 2006 to December 2009 were delivered to the applicants

<sup>28</sup> Referred to under Section 47(a) of Indian Stamp Act: Visit Commission Prayed for, Different Jurisdiction, Market Value Not supplied, All the Executants are not Present, Enclosure Not supplied, Summon Prayed for and Time Prayed for Admission of Execution.

<sup>29</sup> Sadar Sub-Registrar: 13 cases, Bishalgarh Sub-Registrar: 14 cases and Khowai Sub-Registrar: 4 cases.

within five days from the date of registration. Out of the remaining 77 *per cent* of documents, 40 *per cent* were delivered between 5–15 days, 18 *per cent* between 16–30 days and 19 *per cent* were provided to the applicants after 30 days. The delay was mainly due to non-scanning of the registered documents for delivery in time. The number of deeds registered and number of delay in days in the three Sub-Registrar Offices mentioned above are given in the table below:

Table No. 1.2.2

Name of Office	Number of documents registered	Nos. of documents scanned from the date of registration			
		within 5 days	within 6 to 15 days	within 16 to 30 days	more than 30 days
Bishalgarh Sub-Registrar	12,466	553	1,560	2,908	7,445
Sadar Sub-Registrar	39,370	9,639	20,684	6,501	2,546
Sonamura Sub-Registrar	7,580	3,510	1,619	1,116	1,335
<b>Total:</b>	<b>59,416</b>	<b>13,702</b>	<b>23,863</b>	<b>10,525</b>	<b>11,326</b>
<i>Percentage</i>		<b>23</b>	<b>40</b>	<b>18</b>	<b>19</b>

Hence, due to delay in scanning of registered documents and consequent delay in the delivery, the objective of providing faster services to applicants was yet to be achieved. Moreover, applicants could get their services faster in the manual system than from the services provided through TRIS.

### 1.2.9 Non-implementation of Market Value Determination module under TRIS

A module was developed and incorporated in the application software to simplify the present rigid and complex system in determination of valuation of immovable properties for realisation of stamp duty and registration fees. In order to operationalise this module, a format for capturing the prevailing/existing market value of land in the form of a chart was required to be modified so that master table could be created in TRIS. The Department took a decision in July 2005 for preparation of a valuation chart of mouja-wise/ Plot-wise land details in the West Tripura District (pilot district) in the prescribed format of M/s ICICI. The revised market value assessment chart was prepared and submitted by the DM & Collector, West Tripura to the Revenue Department in January 2009 for approval. But approval of the market value chart has not been conveyed by the Department till June 2010. Thus, due to non-creation of master table for market value assessment chart in the TRIS database, the Market Value Determination Module could not be utilised. As a result the assessment of market value of land and determination of stamp duty and registration fees are done manually even after a lapse of four years of TRIS implementation. Hence, the objective of simplifying and transparency in land registration process and automated determination and valuation of immovable properties based on market rate was yet to be realised in TRIS.



### **1.2.10 Non-revision of market value of immovable properties for realisation of stamp duty and registration fees**

For streamlining and capturing market value of land in a computerized system, a decision was taken by the Department in July 2005 to prepare a digital market value database in a prescribed format. It was also decided that the database was to be updated every year after verification from Land Valuation Assessment Committee of each Revenue Circle. The revised plot-wise market value chart prepared by the Sub-Divisional Officers of West Tripura District was submitted (January 2009) by the DM & Collector, West to the Revenue Department for approval. However, scrutiny of records in three Sub-Registrar offices (Bishalgarh, Sadar and Sonamura) revealed that the assessment and realisation of stamp duty and registration fees were determined based on prevailing market value of immovable properties approved by the Government in 2005. In respect of Sub-Registrar Office, Khowai, assessment was done as per the rate approved by the Government in 2001.

Due to non-revision of market value of immovable properties for a long time though the actual value of land have increased manifold, the assessment of market value of land is done at the discretion of the Sub-Registrars concerned. Thus, assessment and determination of stamp duties and registration fees could not be done in a transparent and uniform manner.

### **1.2.11 Non-capturing of Photographs and thumb impressions**

Though the system provides for capturing photographs and thumb impressions of both sellers and purchasers, the photographs and thumb impressions of only sellers were captured in the database of all the Sub-Registrar Offices audited. In the Sub-Registrar Office, Khowai, photographs and thumb impressions of neither sellers nor purchasers were captured in their database.

Further, for Visit Commission cases, when Registering Officer is required to attend to the parties at a place other than his office, he himself attends to the party on payment of fees as prescribed by the Government. In such cases, the photographs and thumb impressions and registration of the document are to be processed through a mobile computer and necessary updation of data were to be carried out in the TRIS server. Subsequently, for this purpose, a decision to modify the software and to procure computer hardware through District Information Officer, NIC for all the Sub-Registrar Offices in the West Tripura District was taken in September 2007 by the Department.

However, scrutiny of database of all the Sub-Registrar Offices revealed that photographs and thumb impressions in respect of 'Visit Commission' cases were not captured in the database. Modification of application software to capture the photographs and thumb impressions from mobile computer were not done. Thus, partial capturing of photographs and thumb impressions of buyers and sellers in the TRIS diluted the objective of providing information for minimizing fraud and land disputes.

The Department during exit conference (September 2010) stated that photographs and capturing of thumb impressions of buyers is under consideration of the Government.

#### 1.2.12 Non-capturing of delivery date of registered documents.

A provision was made in the system to capture the delivery date of the registered documents before handing over to the applicants so that status of any particular documents could be traced out and the performance of the services provided to applicants can be monitored. However, scrutiny of the database maintained in all the four Sub-Registrar Offices of West Tripura District revealed that delivery dates were not captured in the TRIS. Separate registers for recording document delivery dates were maintained manually. Due to non-capturing of the delivery dates of the registered documents in TRIS, the objective of the generation of MIS reports for monitoring the services provided to applicants could not be achieved.

#### 1.2.13 Manual capturing of data in TRIS after completion of registration process.

In the TRIS, system date is saved and recorded as the dates for presentation, verification, registration, endorsement and delivery of documents during every step of data entry and process. Scrutiny of manual records and database of the three Sub-Registrar Offices (Bishalgarh, Sadar and Sonamura), revealed that the system dates and the actual dates were the same indicating online data entry in the TRIS.

However, in respect of Sub-Registrar Office, Khowai, the dates in database were not matching with the actual date of deed presentation, verification, registration, endorsement and delivery of documents. This was because after completion of all processes of registration manually, the information of registered documents were captured in TRIS and the documents were scanned before delivery. Thus, due to data entry of documents post registration process in Sub-Registrar Office, Khowai, the data captured in TRIS became unreliable for any legal purposes.

#### 1.2.14 Non-implementation of Requisition slip, Input sheet and Standard format for registration of deeds

The State Government approved (July 2007) the following three formats for smooth and efficient implementation of TRIS:

- (a) **Requisition Slip:** Requisition slip was required to be submitted by the applicant to know the market value of immovable properties and information of stamp duty and registration fees to be realised.
- (b) **Input Sheet:** Input Sheet was required to be submitted by the applicant to furnish all the requisite information for entering into the system accurately.
- (c) **Deed Format:** Standard Deed Format to standardise the language of deed documents.

Scrutiny of records revealed that the submission of Requisition Slip and Input Sheet along with the Standard Deed documents were not in place in any of the Sub-

Registrar Offices of the West Tripura District. Standard Deed Format for registration has not been introduced till June 2010.

In the absence of Requisition Slip, Input Sheet and Standard Format of deed documents, all the requisite information could not be captured in the TRIS and essential information such as ST/SC, age of the executants, etc. were not available in the existing deed documents. Thus, the objective of standardisation of the language in deed documents could not be entirely fulfilled.

#### **1.2.15 Non-installation of Touch Screen Kiosks**

One of the main objectives of the project was to provide online query on registered deeds for providing facility to the public (seller/buyer) for viewing their registration status over the designated Kiosk. For this purpose Touch Screen Kiosks were required to be installed in each of the Sub-Registrar Office. But no Touch Screen Kiosks were procured and installed in any of the Sub-Registrar Offices of West Tripura District.

The Consultancy firm in their hardware requirement reports suggested that the expenses of Kiosk could be avoided if the Server of TRIS is connected to the Kiosks of e-Suvidha Projects (Service Facilitation Centre) available in each Sub-Divisional Office. However, the Server of TRIS was yet to be connected with the Kiosks of e-Suvidha. In the absence of Touch Screen Kiosks, the objective of providing facility to the applicants (seller/buyer) for viewing their registration status over the designated Kiosk remains unfulfilled in TRIS.

#### **1.2.16 Non-Digitization of old records**

As per the Report for TRIS implementation submitted by the Consultancy firm (2004), the old records kept/maintained in Sub-Registrar Offices would need to be properly digitized with a facility to search for specific documents whenever required. For this purpose, a decision was taken by the Department in October 2004 for digitization of old records (documents registered) since 1980. However, the digitization of old registered documents and records have not been carried out in any of the Sub-Registrar Offices under West Tripura District.

#### **1.2.17 Manual Intervention and No Switchover Plan to TRIS within a specified timeframe**

TRIS has a provision for assessment of stamp duty and registration fees, collection of fees and generation of receipts for issuing to the applicants. Various reports such as collection of monthly/daily stamp duty and registration fees, number of deeds registered, etc. can be generated from the system.

Scrutiny of records of all the Sub-Registrar Offices in West Tripura District revealed that the calculation of stamp duty and registration fees, and collection of fees were done both manually and through TRIS. Fees receipts are issued manually instead of taking the print outs from the system. The monthly reports relating to number of deeds registered, collection of stamp duty and registration fees were also prepared manually. Comparison of deed documents with those documents kept for preservation

(pasting) in the Sub-Registrar Offices was also done manually. These documents were again stored in the database by scanning the registered deeds.

Though the TRIS project has been implemented in all the four Sub-Registrar offices in West Tripura District since September 2006, the system is yet to be fully stabilized due to many deficiencies and is being used as secondary data storage alongside the manual system. The Government of Tripura has not framed any plan for complete switchover from the manual system to the computerized TRIS till June 2010 to fully achieve the benefits envisaged in the project.

### **1.2.18 Inadequate IT Security**

#### **1.2.18.1 Lack of physical and logical access controls**

Physical access controls are designed to protect the computer hardware damage from flood, fire, heat, theft and unauthorised access. The Server needs to be kept in separate room with air conditioner to avoid the Server from over heating. However, the Servers were installed in the same room where client machines were installed in two Sub-Registrar Offices of Bishalgarh and Sonamura. No air conditioners were installed where the computer systems were kept except in one Sub-Registrar office, Sadar. No fire alarm system was installed in any of the Sub-Registrar Offices.

Logical access controls are for protecting computer data from unauthorised users. The TRIS application software provides role-based access to users for restricting use of all modules by authorised personnel only. The Department did not have adequate policy for logical access controls, which is evident from the following shortcomings noticed in audit:

- More than one Administrative user was created in three Sub-Registrar Offices.
- Default passwords given at the time of installation of the software were being used in three Sub-Registrar Offices.
- No facility was provided in the application software for deleting/expiring the old User IDs. The User IDs of those employees who had been transferred or retired from service or who are no longer working in the system still exist in the database.
- Though the password was encrypted in front-end of the application, in back-end database the password was not encrypted.

#### **1.2.18.2 Lack of business continuity plan**

A well-defined business continuity and disaster recovery plan for ensuring quick recovery of the system is required for any possible disaster caused either due to intentional, accidental or natural calamities. There was no such documented business continuity and disaster recovery plan prepared for TRIS.

Though a decision was taken to prepare two sets of backups in CDs for scanned documents to be kept in Sub-Registrar Offices and in the District Registrar Office, but no such backups were taken in any of the Sub-Registrar Offices except in Sadar Sub-

Registrar office. Moreover, the periodical backups of TRIS database were not taken in DLT Tapes or in CDs in any of the offices except in Sadar Sub-Registrar Office for off-site storage. The database backups were taken daily and stored in separate volume of hard disk of TRIS Server in all the Sub-Registrar Offices. In the absence of such backup policy, in one of the Sub-Registrar Office (Khowai) the system halted for more than six months in one occurrence and data pertaining to 44 months were completely lost due to failure of the Server.

The Department during exit conference (September 2010) agreed to formulate a business continuity and disaster recovery plan and also informed about the decision of storing the data in the State data centre on a regular basis.

#### **1.2.18.3 Maintenance of computer**

Scrutiny of records revealed that warranty period of all the computers and peripherals worth ₹ 22.45 lakh installed in four Sub-Registrar Offices for implementation of TRIS during the year 2005-06 had expired in December 2008. These hardware have not been brought under any Annual Maintenance Contract till June 2010. The Server in Sub-Registrar Office, Khowai remained out of order for more than 6 months due to hardware problem. Moreover, no backup Servers were available at any of the Sub-Registrar Offices to maintain continuity of services.

#### **1.2.19 Inadequate documentation**

Only a soft copy of user manual of CORD system prepared by NIC, West Bengal was available with the Department. The Department has no documentation on other aspects like troubleshooting, system management, change management, hardware maintenance, disaster management policy, security policy, training policy, etc. Lack of documentation can adversely affect the smooth and efficient operation of the application software of TRIS.

#### **1.2.20 Non-maintenance of Inventory**

As per provision of GFR, a list of inventory or account of all stores in the custody shall be maintained in a form prescribed by the Government and verification of stores and transactions shall be recorded as they occur. However, scrutiny of records revealed that hardware, software and other peripherals including UPS valued ₹ 22.45 lakh were provided by the NICS for implementation of TRIS to all the four Sub-Registrar Offices in West Tripura District. But none of the four Sub-Registrar Offices maintained Inventory Registers. Records of receipt and distribution of one laptop (₹ 0.40 lakh), 40 DLT Tapes (₹ 0.82 lakh) and 500 CDs (₹ 0.17 lakh) were not made available to audit for verification.

#### **1.2.21 Inadequate training**

For successful implementation of a computerized system, a detailed training plan covering data entry, use of application, database administration is required during and after implementation of the system. Initial training for 10 days on computer awareness including operation of TRIS application was the only training imparted to the officials working in all the Sub-Registrar Offices of West Tripura District. After

implementation of the project, the Department did not organise any formal training for any of the officials engaged in the TRIS. None of the Sub-Registrar Offices had engaged any system administrators to provide technical support except in Sub-Registrar Office, Sadar. Thus, due to lack of adequate training, the personnel working in TRIS could not perform even basic functions of taking back up in CD/DLT Tape, generation of MIS reports and other minor troubleshooting activities.

#### **1.2.22 Conclusion**

The State Government initiated TRIS project in Tripura with a view to bring in simplicity and transparency in the registration process by providing one stop service center for common citizen. TRIS aimed at providing complete solution to Land Records Maintenance and registration services with online query of application status over kiosks and the system itself. The system was also designed to capture information useful for minimizing of possible fraud and land disputes by digitizing photographs and thumb impressions of sellers, buyers and witnesses, and generation of scanned registered deed documents. The project was also aimed at simplifying the complex system of valuation of properties and ensuring transparency in registration process.

However, TRIS suffered from a number of deficiencies in the application software. Besides, essential provision envisaged under TRIS such as market value determination of properties, integration of land records and registration databases, online capturing of all required inputs have not been implemented. Thus, the objective of providing quality and transparency in service delivery through TRIS remains largely unfulfilled. Even after 4 years of operation, TRIS is yet to stabilize and is being operated through manual interventions at different levels. The system is being utilised predominantly as secondary data storage. The State Government has not worked out any switchover plan from the manual registration process to TRIS even in the pilot District. No defined targets for State-wide roll out of the project has been set till June 2010.

#### **1.2.23 Recommendations**

- A clearly defined action plan for complete switchover from the manual registration process to TRIS should be formulated for all Sub-Registrar Offices in the West Tripura District.
- A roll out plan should be formulated with clearly defined responsibilities for efficient implementation of the project in all the other Districts within a specific timeframe.
- The application software should be reviewed to incorporate all the modules envisaged under TRIS to ensure online capturing of data and delivery of service through the system.
- Specific arrangement should be finalised for hardware and application software maintenance to ensure uninterrupted service delivery through the system.



## CHAPTER II: AUDIT OF TRASCTIONS (CIVIL DEPARTMENTS)

### *Misappropriation/Loss*

#### RURAL DEVELOPMENT DEPARTMENT

##### **2.1 Temporary misappropriation of Government funds**

**Lack of financial propriety and internal controls over handling and management of cash resulted in temporary misappropriation of Government funds of ₹ 6,41,817 over four to seven months.**

Financial Rules *inter-alia* require that withdrawal of money should not be made from the Government Account except by presentation of bill in support of claim made for the relevant purpose; all monetary transactions should be entered in the Cash Book as soon as they occur and attested by the Drawing and Disbursing Officer (DDO) as token of check; all bank withdrawals be reconciled with bank scrolls on monthly basis.

Scrutiny (January – February 2010) of records of the Executive Engineer (EE), Rural Development Planning and Monitoring Cell, Agartala, (who is also the DDO<sup>1</sup>), revealed that the above requirement of the financial rules was not strictly followed, viz. all the monetary transactions were not entered in the Cash Book and bank withdrawals were not reconciled properly. This resulted in temporary misappropriation of Government funds, as detailed below:

- During September 2008 and October 2008, ₹ 1,15,000, ₹ 71,965 and ₹ 4,54,852 were withdrawn from the DDO's account in Tripura Gramin Bank through three cheques (**Appendix - 2.1**), but the pay orders, sanction orders, copy of the bills etc., in support of the drawals were not made available to audit. In the counterfoils of the cheques, the amounts written were ₹ 15,000, ₹ 1,965 and ₹ 54,852 respectively. The transactions were not routed through the Cash Book. Though the said cheques were entered in the "Cheque Issue Register" and the entries signed by the DDO, there was no indication of any bill reference against the cheques drawn. Hence, it is evident that the amounts (totaling ₹ 6,41,817) were misappropriated.
- There were unauthorised deposits of ₹ 7,70,000<sup>2</sup> in the bank on 18 February 2009 and 5 August 2009.
- Bank reconciliation, found to be noted in the Cash Book, was not done properly and therefore, failed to detect the above irregularities.

<sup>1</sup> Operated two current bank accounts for Government transactions: One in State Bank of India, Agartala Branch and the other in Tripura Gramin Bank, Gurkhabasti Extension Branch, Agartala.

<sup>2</sup> ₹ 7,00,000 and ₹ 70,000 on 18-2-09 and 5-8-09 respectively.

Thus, lack of financial propriety and internal controls over handling and management of cash resulted in temporary misappropriation of Government funds of ₹ 6,41,817 over four to seven months.

Besides the above, there was a drawal of ₹ 42,076 on 8 December 2008 against ₹ 2,076 and an unauthorised deposit of ₹ 64,500 on 31 August 2009 for which an FIR was lodged (4 September 2009) against the cashier and the cashier was placed under suspension (September 2009).

The Government stated (October 2010) that: (i) subsequent audit of the accounts for the period pertaining to the accused cashier, carried out by engaging a private CA firm indicated that the accused cashier had deposited (2 February 2009) ₹ 7,00,000 clandestinely and therefore, there is no loss of Government money, (ii) investigation against the accused cashier is going on, (iii) show cause notices have been issued to the concerned DDOs and (iv) instructions have been given (7 August 2010) to all concerned to take steps to obviate fraudulent activities in financial transactions. The fact, however, remains that the prescribed financial rules were not followed due to lack of financial propriety and internal controls over handling and management of cash, which facilitated temporary misappropriation of Government funds. Further, the deposits could not be co-related with the temporary misappropriation and, therefore, the matter requires thorough investigation at appropriate level.

## PUBLIC WORKS (DRINKING WATER AND SANITATION) DEPARTMENT

### 2.2 Loss in procurement of UPVC pipes

**Purchase of 900 Km pipes by CE, WR and EE at higher rates despite being aware of availability of lower rates for the same pipes, points towards not only lack of prudence in expending Government funds on their part but is also resulting in loss of ₹ 3.61 crore, of which the loss of ₹ 2.88 crore had already been incurred on supply of 731.830 Km pipes upto June 2010.**

The Drinking Water & Sanitation (DWS) wing of the Public Works Department (PWD), headed by a Chief Engineer (CE), is responsible for construction and maintenance of piped water supply system in Tripura. However, the procurement of different categories of pipes is with the Water Resource (WR) wing of the Department, headed by another CE. The Resource Division under WR wing is responsible for procurement, stocking and issue of pipes required for both the DWS and WR wings of PWD.

For procurement of 902.526 Km<sup>3</sup> UPVC<sup>4</sup> pipes of different dia of 6 kg/ sq. cm pressure required for utilisation in DWS works during 2008-09 for all the four districts of the State, the CE, DWS placed the requirement to the CE, WR in April 2008.

Test-check (November 2009) of records of the Executive Engineer (EE), Resource Division, Panchamukh, Agartala revealed the following:

- For procuring 286 Km<sup>5</sup> pipes (out of total 902.526 Km) the EE invited tenders in May 2008 and with the approval (January 2009) of the Supply Advisory Board (SAB) issued (February 2009) supply orders to the lowest tenderer, a local firm, M/S Tripur Polymer Private Limited (Firm-A) at the agreed rates (₹ 128, ₹ 186 and ₹ 305.10 *per* metre for 90 mm dia, 110 mm dia and 140 mm dia pipes respectively) with stipulation to complete the supply within six months.
- The EE again invited tenders in August 2008 for procuring 351.361 Km<sup>6</sup> pipes (out of balance 616.526 Km). Observing the rates quoted by the tenderers being high in view of fall in prices of PVC resin<sup>7</sup> the CE, WR instructed (January 2009) for re-tendering. Out of three tenders received (March 2009) in the 2<sup>nd</sup> call, the rates of a local firm, M/S Hightension Switchgears Private Limited (Firm-B) being the lowest (₹ 101.90, ₹ 145.90 and ₹ 236.90 *per* metre for 90 mm dia, 110 mm dia and 140 mm dia pipes respectively) were recommended (29 April 2009) by the CE, WR for approval of the SAB.
- While this tendering process was in progress, the CE, DWS, in contravention of the established procedure of channelising demands through WR wing, directly submitted (18 May 2009) a proposal to the SAB for procurement of additional 900 Km<sup>8</sup> pipes required for utilisation against the target of 180 new DTWs for the first and second quarter of 2009-10 by repeat order of existing agreements (with Firm-A), stating that the procurement of such quantity pipes through WR wing by call of tenders would be almost an impossible task.
- The SAB approved the proposal of CE, DWS (for procuring 900 Km pipes at the rates of Firm-A, by repeat order of existing agreements) on 19 May 2009. The SAB also approved on the same day (19 May 2009) the rates of Firm-B (for procuring 351.361 Km pipes) recommended through tendering process, which were lower by about 30 *per cent* than the rates of Firm-A.
- Based on the approval of the SAB, the CE, WR in spite of being aware of availability of lower rates instructed (2 June and 8 June 2009) the EE to procure the 900 Km pipes

<sup>3</sup> 90 mm dia: 395.087 Km; 110 mm dia: 316.122 Km; and 140 mm dia: 191.317 Km.

<sup>4</sup> Un-Plasticised Poly Vinyl Chloride.

<sup>5</sup> 90 mm dia: 141 Km; 110 mm dia: 100 Km; and 140 mm dia: 45 Km.

<sup>6</sup> 90 mm dia: 160.892 Km; 110 mm dia: 122.318 Km; and 140 mm dia: 68.151 Km.

<sup>7</sup> Raw material of UPVC pipe.

<sup>8</sup> 90 mm dia: 360 Km; 110 mm dia: 360 Km.; and 140 mm dia: 180 Km.

from Firm-A and Firm-B (450 Km<sup>9</sup> each) at the rates of existing agreement. The EE in spite of availability of lower rates went ahead and issued supply orders on 12 June 2009 at higher rates (₹ 128, ₹ 186 and ₹ 305.10 *per* metre for 90 mm dia, 110 mm dia and 140 mm dia pipes respectively) to Firm-A and Firm-B.

- On receipt of approval of SAB from the CE, WR (3 June 2009), the EE issued supply orders again to Firm-B on 18 June 2009 to supply 351.361 Km pipes at the approved lower rates (₹ 101.90, ₹ 145.90 and ₹ 236.90 *per* metre for 90 mm dia, 110 mm dia and 140 mm dia pipes respectively) with the stipulation to complete the supply within six months.

Upto June 2010, against the total ordered quantity of 736 Km pipes to Firm-A and 801.361 Km pipes to Firm-B, 568.081 Km and 750.543 Km respectively had been supplied (**Appendix - 2.2-A and 2.2-B**). Against the supply orders for 900 Km, the two firms had supplied 731.830 Km pipes upto June 2010 (Firm-A: 282.081 Km and Firm-B: 449.749 Km) and the rest supply was in progress (July 2010).

Thus, purchase of 900 Km pipes by CE, WR and EE at higher rates despite being aware of availability of lower rates for the same pipes, points towards not only lack of prudence in expending Government funds on their part but is also resulting in loss of ₹ 3.61 crore (**Appendix - 2.2-C**), of which the loss of ₹ 2.88 crore had already been incurred on supply of 731.830 Km pipes upto June 2010.

The matter was reported to the Government in July 2010; reply had not been received (October 2010).

## RURAL DEVELOPMENT DEPARTMENT

### 2.3 Loss on procurement of GC sheets

**Piece-meal procurement of GC sheets lower than the approved quantities and at the higher rates by calling fresh tender subsequently rendered the Department to sustain a loss of at least ₹ 1.48 crore on procurement of 1,897.995 MT GC sheets from two private firms instead of M/S Tata Steel Limited.**

For implementation of different construction works under IAY, PMGY, SSA, NLCPR etc. during 2007-08, the Rural Development (RD) Department assessed requirement of 14,000 MT galvanised corrugated (GC) sheets (0.40 mm: 9,500 MT and 0.50 mm: 4,500 MT).

<sup>9</sup> 90 mm dia: 180 Km; 110 mm dia: 180 Km.; and 140 mm dia: 90 Km.

Test-check (January-February 2010) of records of the Executive Engineer (EE), RD Store Division, Agartala revealed that for procuring the above quantity of GC sheets, the EE invited tenders on 2 March 2007, and the lowest rates offered by three firms<sup>10</sup> were submitted (7 May 2007) by the Superintending Engineer (SE), RD Circle to the Supply Advisory Board (SAB) for approval. The SAB, without recording any reasons, instructed (9 May 2007) to procure 50 *per cent* of tendered quantity i.e. 7,000 MT GC sheets at the proposed rates. The EE, after a lapse of three months from the date of approval, issued supply orders to two<sup>11</sup> firms on 6 September 2007 for procurement of only 2,500 MT GC sheets (0.40 mm only) against which the firms supplied 2,475.301 MT during November 2007 to May 2008 valued at ₹ 13.77 crore, as detailed in **Appendix - 2.3(A)**.

For procurement of the balance quantity GC sheets (7,000 MT), the EE invited fresh tenders on 24 May 2007 and again on 24 September 2007. But in both the instances, the proposals for the lowest rates submitted on 25 July 2007<sup>12</sup> and 24 November 2007<sup>13</sup> were rejected by the SAB on 21 August 2007 and 4 January 2008 respectively without recording any reasons.

After rejection of the proposals by the SAB, the EE stating to meet the urgent requirement of GC sheets for 2007-08, without tender process, called for (14 January 2008) rates from four<sup>14</sup> firms to now procure 3,000 MT GC sheets (0.40 mm: 2,000 MT and 0.50 mm: 1,000 MT). Out of rates received from two<sup>15</sup> firms, the rates offered (January 2008) by M/S Tata Steel Limited being the lowest (₹ 50,441 per MT for 0.40 mm and ₹ 49,430 per MT for 0.50 mm), were approved by the Principal Secretary (RD) as well as the Minister (RD) on 8 March 2008 under Rule 22(5)(v) of the Delegation of Financial Power Rules, Tripura, 2007. However, the EE, with the consent (15 March 2008) of the SE, issued supply order on 18 March 2008 to M/S Tata Steel Limited for procurement of only 1,000 MT GC sheets (0.40 mm) though the approved quantity was for 3,000 MT (0.40 mm: 2,000 MT and 0.50 mm: 1,000 MT). The firm supplied 981.60 MT during July 2008 to September 2008 valued ₹ 4.87 crore, as detailed in **Appendix - 2.3(B)**.

<sup>10</sup> (1) M/S Tata Steel Limited (₹ 54,076 per MT for 0.40 mm); (2) M/S Jindal (India) Limited (₹ 51,189 per MT for 0.50 mm); and (3) M/S Evergrowing Iron & Finvest Private Limited, Agartala, a local SSI unit, eligible for supply of 65 *per cent* tendered quantity as per guidelines of the Tripura Incentive Scheme (₹ 56,634 per MT for 0.40 mm and ₹ 54,173 per MT for 0.50 mm).

<sup>11</sup> M/S Tata Steel Limited: 1,000 MT and M/S Evergrowing Iron & Finvest Private Limited: 1,500 MT.

<sup>12</sup> (1) M/S Tata Steel Limited (₹ 50,441.16 per MT for 0.40 mm and ₹ 49,430.28 per MT for 0.50 mm); and (2) M/S Evergrowing Iron & Finvest Private Limited (₹ 56,961 per MT for 0.40 mm and ₹ 54,483 per MT for 0.50 mm).

<sup>13</sup> (1) M/S Tata Steel Limited (₹ 49,568 per MT for 0.40 mm and ₹ 48,164 per MT for 0.50 mm); and (2) M/S Evergrowing Iron & Finvest Private Limited, Agartala, a local SSI unit (₹ 55,144 per MT for 0.40 mm and ₹ 52,983 per MT for 0.50 mm).

<sup>14</sup> M/S Steel Authority of India Limited, M/S Tata Steel Limited, M/S Indian Iron and Steel Company Limited and M/S Rashtriya Ispat Nigam Limited.

<sup>15</sup> M/S Steel Authority of India Limited and M/S Tata Steel Limited.

Scrutiny further revealed that the EE again invited (11 March 2008) tenders, just after three days of approval for quantity of 3,000 MT departmentally, to procure more quantity of 10,500 MT GC sheets (0.40 mm: 6,500 MT and 0.50 mm: 4,000 MT) for 2008-09. The lowest rates offered (April 2008) by two firms (out of five) viz., (1) M/S Stelco Strips Limited, Ludhiana (₹ 57,688.55 per MT for 0.40 mm and ₹ 56,379.58 per MT for 0.50 mm); and (2) M/S Evergrowing Iron & Finvest Private Limited, Agartala, a local SSI unit (₹ 65,024 per MT for 0.40 mm and ₹ 62,973 per MT for 0.50 mm) were approved (31 July 2008) by the SAB. The EE once again issued (August 2008) supply orders for only 3,900 MT (0.40 mm: 3,000 MT and 0.50 mm: 900 MT) to the two firms. The firms supplied 3,893.011 MT (0.40 mm: 2,995.016 MT and 0.50 mm: 897.995 MT) during October 2008 to December 2008 valued ₹ 22.93 crore, as detailed in **Appendix - 2.3(C)**.

It would be seen from the above that in all the three occasions, the Department had done piecemeal procurement without ordering the full quantities as per the rates approved by the higher authorities. In spite of inviting four tenders at different occasions during 2007-09, only 7,400 MT GC sheets were actually procured against the total assessed requirement of 24,500 MT.

Rule 22(5)(v) of the Delegation of Financial Power Rules, Tripura, 2007 provides that the Department may procure GC sheets by obtaining rates directly from Steel Authority of India Limited, Tata Steel Limited, Indian Iron and Steel Company Limited and Rashtriya Ispat Nigam Limited at the lowest offer, without inviting tenders and approval of purchase committee, but the Department went ahead with the tender processes and ultimately purchased 3,900 MT in August 2008 from private parties.

Had the whole quantity of 3,000 MT GC sheets (0.40 mm: 2,000 MT and 0.50 mm: 1,000 MT) been procured from M/S Tata Steel Limited at the departmentally approved rates of March 2008 (i.e. ₹ 50,441 per MT for 0.40 mm and ₹ 49,430 per MT for 0.50 mm), the Department could have saved a loss of at least ₹ 1.48 crore on the procurement of 1,897.995 MT GC sheets (0.40 mm: 1000 MT and 0.50 mm: 897.995 MT) from two private suppliers at the higher rates of (i) ₹ 57,688.55 per MT for 0.40 mm and ₹ 56,379.58 per MT for 0.50 mm; and (ii) ₹ 65,024 per MT for 0.40 mm and ₹ 62,973 per MT for 0.50 mm as detailed in **Appendix - 2.3(D)**.

Thus, piece-meal procurement of GC sheets lower than the approved quantities and at the higher rates by calling fresh tender subsequently rendered the Department to sustain a loss of at least ₹ 1.48 crore on procurement of 1,897.995 MT GC sheets from two private firms instead of M/S Tata Steel Limited.

The matter was reported to the Government in August 2010; reply had not been received (October 2010).



## PUBLIC WORKS (ROADS & BUILDINGS) DEPARTMENT

### 2.4 Undue financial benefit to a firm

**Grant of interest free mobilisation advance to a firm resulted in loss of interest of ₹ 97.75 lakh to the Government and undue financial benefit to the firm to that extent.**

CPWD Works Manual adopted by the State Government provides for mobilisation advance to the contractors limited to 10 *per cent* of tendered amount at 10 *per cent* simple interest. The mode of granting the advance, safeguards and procedure for recovery have to be included in the Notice Inviting Tenders (NIT).

Scrutiny (December 2009) of records of the Executive Engineer (EE), Bishalgarh Division revealed that with the approval (6 October 2007) of the Works Advisory Board (WAB), the EE awarded (26 October 2007) the work “Planning, Designing, Details Engineering and Executing of Central Prison at Bishalgarh on Turnkey basis” to the lowest tenderer (M/s Engineering Projects (India) Limited, a Government of India Enterprise) at negotiated tendered value of ₹ 62.55 crore with the stipulation to complete the work by November 2009. The work which commenced on 2 November 2008 was still in progress (May 2010) and the firm has been paid ₹ 38.38 crore upto March 2010 against total value of work done as per 23<sup>rd</sup> RA bill.

Scrutiny further revealed that though the NIT of the work provided for sanctioning mobilisation advance to the firm but no mention was made in the NIT regarding interest to be charged thereon as required under the CPWD Manual. The EE paid (between 15 and 25 March 2008) mobilisation advance of ₹ 6.25 crore to the firm but no interest has been recovered on the same as per the provision of the CPWD Manual.

Thus, grant of interest free mobilisation advance to the firm resulted in loss of interest of ₹ 97.75 lakh<sup>16</sup> to the Government and undue financial benefit to the firm to that extent.

The EE stated (April 2010) that the matter regarding non-recovery of interest had been taken up with the higher authority. Further development was awaited (October 2010).

The matter was reported to the Government in July 2010; reply had not been received (October 2010).

<sup>16</sup> Interest @10 *per cent* for the period from 15 March 2005 to 25 March 2010 after adjusting recovery as and when made from the firm.

## *Violation of contractual obligations/ Avoidable expenditure*

### **PUBLIC WORKS (DRINKING WATER AND SANITATION) DEPARTMENT**

#### **2.5 Avoidable extra expenditure**

**Due to delay in finalisation of the first tender within the validity period of 180 days, the Department had to incur an extra expenditure of ₹ 1.16 crore, which could have been avoided had the Department adhered to the provision of tender under the CPWD Manual.**

As per Para 20.1.15.5 of CPWD Manual Vol-II, top priority for awarding a work should be given on receipt of tenders. Further, as per time schedule prescribed in Appendix - 28 of the Manual, the maximum time allowed for scrutiny and disposal of tenders requiring orders of the highest authority (here Supply Advisory Board (SAB)) is 40 days including the issue of work order by the Executive Engineer (EE) after approval.

Test-check (October-November 2009) of records of the EE, Rig-Division, Agartala revealed that tenders were invited (3 May 2006) for “Supplying of one higher capacity direct Rotary Drilling Rig (2000 ft.) mounted on Leyland make model ‘Taurus’ (4×6) wheel Truck chassis along with all its operational equipment and accessories including commissioning complete”. Tenders<sup>17</sup> were valid for 180 days (upto 16 January 2007). JVM Engineering Co., Gujarat (Firm ‘A’) quoted the lowest rate for ₹ 1.55 crore (estimated cost put to tender: ₹ 1.03 crore). But, the Department got the tender approved from SAB only on 23 February 2007. The Department communicated (17 March 2007) to the tenderer, after expiry of validity of the tender, their approval of the tender with the request to extend the validity upto 30 April 2007 and issued supply order on 23 March 2007. But, the tenderer did not agree (26 March 2007) to extend the validity due to price hike and demanded 25 *per cent* enhancement on their quoted rate which comes to ₹ 1.94 crore. After that, the Department cancelled the supply order on 2 April 2007.

The EE invited (2 April 2007) tenders afresh, which were opened on 21 May 2007. The SAB approved (21 August 2007) the tender in favour of the lowest tenderer (LMP Precision Engineering Co. (P) Ltd., Gujarat: Firm ‘B’) at the negotiated tendered value of ₹ 2.71 crore (estimated cost put to tender: ₹ 1.03 crore). The supply order was issued on 4 October 2007 allowing six months time to complete the supply including commissioning. The supply of the Rig was completed on 21 July 2008 and commissioned on 3 June 2009.

<sup>17</sup> Opened on 20 July 2006.

Thus, due to delay in finalisation of the first tender within the validity period of 180 days, the Department had to incur an extra expenditure of ₹1.16 crore<sup>18</sup>, which could have been avoided had the Department adhered to the provision on tender under the CPWD Manual.

On this being pointed out in audit, the EE stated (March 2010) that as all the technical specifications were not specified in the tender of Firm 'A' the same was not accepted by the Department and hence moved for fresh tender. The fact however, remains that the Department had issued supply order to the firm only after ascertaining all the technical specifications and had also requested the firm for extending the validity period. The reply is therefore, an afterthought to justify the revised call of tender and cannot be accepted.

The matter was reported to the Government in May 2010; reply had not been received (October 2010).

## PUBLIC WORKS (ROADS & BUILDINGS) DEPARTMENT

### 2.6 Avoidable time and cost overrun

**Improper survey, investigation and soil testing and failure of the Department to resolve technical problems in time led to avoidable time overrun of more than six years and cost overrun of at least ₹ 1.76 crore in constructing the RCC bridge over river Gumti at Mohanbhog.**

A construction work of RCC bridge over river Gumti at Mohanbhog on Melaghar – Mohanbhog road was awarded (16 September 2002) to National Projects Construction Corporation (NPCC) Ltd., a Government of India Enterprise, at a negotiated tendered value of ₹ 4.01 crore (33 *per cent* above the estimated cost of ₹ 3.02 crore put to tender) with the stipulated completion time by March 2005.

Test-check (December 2009) of records of the Executive Engineer (EE), Sonamura Division revealed that the work which commenced on 3 January 2003 and continued till February 2006<sup>19</sup> was rescinded on 9 November 2006 at the risk and cost of the agency. The agency was paid ₹ 1.22 crore (upto March 2006) (10<sup>th</sup> RA) against the value of work done for ₹ 1.23 crore<sup>20</sup> and the final bill (11<sup>th</sup> RA) for ₹ 0.29 lakh was awaited for payment (December 2009).

The Department invited (February 2007) fresh tenders for the balance work and awarded (6 July 2007) to another contractor at a negotiated tendered value of ₹ 4.67 crore (108 *per cent* above the estimated cost of ₹ 2.24 crore put to tender) with the stipulation to

<sup>18</sup> ₹ 2.71 crore – ₹ 1.55.

<sup>19</sup> Provisional time extension was given upto 30 June 2005 by the Department unilaterally.

<sup>20</sup> Agreed items: ₹ 1.10 crore; extra items: ₹ 0.07 crore and price escalation: ₹ 0.06 crore.

complete the work by July 2009. The work which commenced on 24 August 2007 was under progress (October 2010) and expected to be completed by December 2011.

Scrutiny of the records revealed the following:

- NPCC requested (30 May 2005, 7 November 2005 and 1 December 2005) the Department for review of the design, method of sinking of the wells and the required depth of the wells as it had encountered technical problems during sinking of wells as per the approved design due to hard rocky strata in all the locations of the bridge, which was not matching with the data provided in the agreement. But the Department did not take appropriate steps to resolve the problems.
- Due to price hike as a result of time overrun, NPCC demanded (4 June 2005) 45 *per cent* enhancement of rate (quoted in December 2001) on different items. But no further communication in this regard was found on record.
- NPCC sought for (17 February 2006) closure of the agreement mainly on the ground that the project had come to a stand still due to unresolved technical reasons and non-decision on enhancement of rate sought for (June 2005) and suspended the work since March 2006 and the Department instead of resolving the problems, rescinded the contract on 9 November 2006.
- The sinking of the four wells of the bridge were completed by the second contractor between July 2008 and December 2009 after reduction of the depth of the wells by 4.50 to 7.40 metres from the approved design (**Appendix - 2.4**) due to hard strata of soil, which proves that NPCC's request for review of the design, method of sinking of the wells and the required depth of the wells was justified.

This indicated that survey, investigation and soil testing on the basis of which the design and drawing of the bridge were made were not done properly. Had the Department resolved the technical problems encountered by NPCC Ltd. during the sinking of the wells, time overrun of more than six years (April 2005 to December 2011) and cost overrun of at least ₹ 1.76 crore<sup>21</sup> could have been avoided.

Thus, improper survey, investigation and soil testing and failure of the Department to resolve technical problems in time led to avoidable time overrun of more than six years and cost overrun of at least ₹ 1.76 crore in constructing the RCC bridge over river Gumti at Mohanbhog.

<sup>21</sup>

Value of work done by NPCC Ltd. (against agreement items only) and paid for	₹ 1.10 crore
<b>Add:</b> Tendered value of the balance work	₹ 4.67 crore
<b>Total</b>	<b>₹ 5.77 crore</b>
<b>Less:</b> Tendered value of NPCC Ltd.	₹ 4.01 crore
<b>Cost overrun</b>	<b>₹ 1.76 crore</b>

The Government stated (October 2010) that at the request of NPCC the soil strata was examined and it was confirmed that there was no rocky layer and the strata was in conformity with the bore chart shown in the agreement with NPCC. This is not acceptable as in case of the balance work, the Department had to reduce the depth of the wells as sinking upto the depth as per the approved design could not be made due to hard strata of soil.

## 2.7 Avoidable expenditure

**Failure of the Department to take timely action on the agency's claim for enhancement of rate led to avoidable expenditure of ₹ 71.15 lakh and delayed the construction of a bridge by more than two years.**

With the approval (15 January 2003) of Works Advisory Board (WAB), the Executive Engineer (EE), Kailashahar Division awarded (17 February 2003) the work of "Construction of permanent bridge over river Manu at Kailashahar (Bridge proper only)" to an agency at the negotiated tendered value of ₹ 5.32 crore (2.9 *per cent* below the estimated cost of ₹ 5.48 crore put to tender) with the stipulation to complete the work by 2 September 2005. The work commenced on 21 February 2003 and was completed on 3 January 2008, after a delay of more than two years. The agency was paid ₹ 7.24 crore<sup>22</sup> (March 2009) against value of work done for ₹ 7.29 crore.

Scrutiny (January-February 2010) of records of the EE revealed that the agency suspended the work from 5 July 2004 to 12 October 2006 (830 days) when there was delay in decision on the part of the Department on enhancement of rates of steel due to exorbitant price hike. It was seen that for agreement item (AI) No.13 of superstructure (supply of fabricated steel) the agency demanded (5 July 2004) enhancement of rate. After a lapse of one year, the EE asked (27 June 2005) the agency to submit the claim with supporting documents. The reason for delay as stated (October 2010) by the EE was lack of information about stoppage of work by the contractor indicating inadequate monitoring of work by the EE. The agency submitted (6 July 2005) its claim for AI No. 13 @ ₹ 55,100 per MT by enhancing the agreement rate (₹ 37,500 per MT) by ₹ 17,600 per MT<sup>23</sup>. The EE, after a lapse of another one year, however, communicated (14 July 2006) that the agency would be allowed enhancement on the difference between actual cost of procurement of structural steel *vis-à-vis* the tendered cost (except 158.085 MT of structural steel already procured by the agency prior to the price hike). Thus, the Department took about two years to decide on the enhancement of rate on AI No. 13. The

<sup>22</sup> ₹ 7.06 crore upto 11<sup>th</sup> RA bill + ₹ 0.18 crore (part payment of 12<sup>th</sup> RA & Final bill).

<sup>23</sup> Based on the difference of market rate of steel as per Steel Authority of India Limited (SAIL) at the time of submission of tender in September 2002 and the market rate of steel as per SAIL prevailing in April 2005.

EE also stated (October 2010) that the time was consumed by the higher authority to decide on the enhancement of rate of steel.

Thereafter, due to upward increase in the prices of steel and other allied items including fabrication charge, labour charge, transportation charge, etc., the agency demanded (14 September 2006) further enhancement of rate on AI No. 13 (₹ 60,640 per MT); and also enhancement of rate on AI No. 14 of superstructure (Assembling and erection of fabricated structural steel at ₹ 13,600 per MT against agreement rate of ₹ 4,500 per MT). After discussion the Department had with the agency in November 2006, the latter finally agreed to execute the work for AI No. 13 on the basis of decision communicated by the Department on 14 July 2006. But as for AI No.14, a higher enhancement @ ₹ 16,600 per MT was accepted by the Department. A formal Supplementary Memorandum of Agreement was made with the agency in December 2006 and the work was to be completed by March 2008. Upto the 12<sup>th</sup> RA & Final bill, the agency executed 528.898 MT of AI No.13 and 529.139 MT of AI No.14.

It was observed in audit that the agency was finally paid ₹ 2.71 crore<sup>24</sup> for AI No.13 consumed. Had the Department accepted the rate (₹ 55,100 per MT) offered by the agency in July 2005, the Department could have saved avoidable expenditure of ₹ 7.12 lakh<sup>25</sup>. In respect of AI No.14, the Department paid the agency ₹ 87.84 lakh<sup>26</sup> which included ₹ 64.03 lakh<sup>27</sup> paid on enhancement of rate on AI No.14 as well.

Thus, failure of the Department to take timely action on the agency's claim for enhancement of rate led to avoidable expenditure of ₹ 71.15 lakh<sup>28</sup>. This has also delayed the construction of bridge by more than two years.

The matter was reported to the Government in July 2010; reply had not been received (October 2010).

## 2.8 Non-recovery of penalty

**The Executive Engineer, Capital Complex Division, Agartala failed to impose and recover penalty of ₹ 2.86 crore from the construction agency for the delay in completion of a work despite provision in the supplementary memorandum of agreement.**

The work 'Construction of new Secretariat Building (a part of the new Capital Complex Project)' was awarded (September 2001) with the approval of Works Advisory Board to the lowest tenderer (M/S. Mackintosh Burn Ltd., Kolkata) at the negotiated tendered

<sup>24</sup> ₹ 198.34 lakh (528.898 @ ₹ 37,500) plus ₹ 72.56 lakh (difference in cost for 371.813 MT purchased by the agency after the price hike).

<sup>25</sup> (₹ 198.34 lakh plus ₹ 72.56 lakh) minus (157.085 MT X ₹ 37,500 = ₹ 58.91 lakh plus 371.813 MT X ₹ 55,100 = ₹ 204.87 lakh).

<sup>26</sup> 529.139 MT X ₹ 16,600).

<sup>27</sup> ₹ 87.84 lakh minus ₹ 23.81 lakh (529.139 MT X ₹ 4,500) = ₹ 64.03 lakh.

<sup>28</sup> ₹ 7.12 lakh plus ₹ 64.03 lakh.



value of ₹ 21.34 crore (3.52 *per cent* above the estimated cost) with the stipulation to complete the work by October 2004. The work commenced in October 2001 but was not financially and physically closed (October 2010) though the building was inaugurated in September 2009.

Against the value of work done, as per 26<sup>th</sup> RA bill of ₹ 38.35 crore (prepared in March 2010), the EE paid ₹ 34.18 crore<sup>29</sup> to the agency upto October 2010.

Scrutiny (October 2009) of records relating to the above work as maintained by the Executive Engineer (EE), Capital Complex Division, Agartala revealed the following:

- The agency executed agreement items of only ₹ 6.04 crore<sup>30</sup> (28.30 *per cent* of the total value of agreement) upto the original stipulated date of completion;
- The Superintending Engineer, 4<sup>th</sup> Circle, PWD had imposed (May 2006) compensation for delay of ₹ 2.06 lakh for the period from October 2004 to May 2006 which was waived off by the Chief Engineer, PWD (R&B) with the approval of Council of Ministers;
- The Department reviewed (May 2006) the slow progress of work and executed (October 2006) a Supplementary Memorandum of Agreement (MOA) with the agency which, *inter alia*, provided for stringent penalty in the event of failure in completion of work by December 2007;
- There was a total time over-run of 60 months from the original completion date due to which there was a cost over-run of ₹ 6.94 crore<sup>31</sup>;
- The hindrance register for the work (maintained upto August 2008) attributed the delay mainly to Sundays, holidays, festival, rainy days etc. which cannot be construed as hindrances since these are given due weightage while arriving at the completion date;
- Despite non-completion of the work within the revised target date, the Department had not imposed penalty of ₹ 2.86 crore<sup>32</sup> on the agency as provided in supplementary MOA.

<sup>29</sup> ₹ 28.85 crore through 25<sup>th</sup> RA bill *plus* part payment of ₹ 5.33 crore against 26<sup>th</sup> RA bill awaiting finalisation.

<sup>30</sup> Excluding extra item valued ₹ 0.33 lakh and price escalation of ₹ 0.17 crore.

<sup>31</sup> Excluding extra items valued ₹ 6.16 crore, substitute items valued ₹ 1.56 crore, additional works valued ₹ 2.35 crore and including price escalation charges paid to the agency ₹ 1.97 crore.

<sup>32</sup> From 1 January 2008 to 30 January 2008 (30 days) @ ₹ 12,500 per day for default for 1 to 30 days  
= ₹ 0.04 crore.

From 31 January 2008 to 29 February 2008 (60 days) @ ₹ 25,000 per day for default for 31 to 60 days  
= ₹ 0.07 crore.

From 1 March 2008 to 31 August 2009 (549 days) @ ₹ 50,000 per day for default for 61 days onwards  
= ₹ 2.75 crore.

**Total= ₹ 2.86 crore**

This has resulted in non-recovery of penalty of ₹ 2.86 crore from the agency even if the time over-run of 60 months, cost over-run of ₹ 6.94 crore and non-recovery of waived penalty of ₹ 2.06 lakh is ignored.

The EE stated (March 2010) that the matter regarding recovery of ₹ 2.86 crore would be regularised at the time of final payment. Further development was awaited (October 2010).

The matter was reported to the Government in July 2010; reply had not been received (October 2010).

## Regularity issues

### RURAL DEVELOPMENT (PANCHAYAT) DEPARTMENT

#### 2.9 Delay in implementation of e-Panchayat Project

**Non-inclusion of delivery and implementation schedule for the application software in the form of project plan in the contract agreement led to delay in implementation of the first phase of e-Panchayat Project for about three years till June 2010. Due to non-implementation of the first phase of the project, the second phase could not be commenced and thus funds of ₹ 3.45 crore already released for the project remains unutilised for over two years.**

The Rural Development (Panchayat) Department allocated ₹ 5 crore<sup>33</sup> of TFC (Twelfth Finance Commission) grant for computerizing the Panchayati Raj Institutions (PRIs) and the ADC villages in the State under e-Panchayat Project. The objective of e-Panchayat Project *inter alia* includes streamlining administrative process, empowering citizens through efficient and responsive local administration at every village, block, district and the State. The estimated fund requirement for the Project was ₹ 7.66 crore for 1,088 selected units<sup>34</sup> (Appendix - 2.5-A) to be implemented in phases.

Scrutiny (June 2010) of records of the Director of Panchayats, Agartala revealed that the Department released ₹ 1.70 crore in March 2007 (first phase) for purchase of computers for 200 GP/ ADC villages (subsequently modified to 138 GP/ ADC villages in October 2007). For the second phase, the Department released ₹ 3.30 crore in March 2008 for purchase of computers for 489 GP/ ADC villages. The amounts were drawn by the Director in March 2007 (₹ 1.70 crore) and March 2008 (₹ 3.30 crore) and kept in the CD account of the Tripura Gramin Bank.

The offer of ITI Ltd. (a Government of India undertaking), Kolkata, being the lowest for establishment of e-Panchayat Project, was accepted by the Supply Advisory Board (June 2007). Work order valued ₹ 1.70 crore for supply, installation and commissioning of computer hardware (₹ 68.86 lakh), networking equipment (₹ 21.65 lakh), HRD and Training (₹ 7.40 lakh) and application software (₹ 72 lakh) (Appendix - 2.5-B) was issued to the firm in June 2007 for 138 units selected (first phase) with a stipulation to complete the work within two months. The firm informed (4 July 2007) the Department that the application software cannot be developed and implemented in two months time; and a project plan for customisation of one of the existing NIC applications alongwith its implementation and delivery schedule can be worked out as per mutual acceptance. The Department entered into a formal agreement (30 July 2007) with the firm modifying the

<sup>33</sup> ₹ 1.70 crore in March 2007 and ₹ 3.30 crore in March 2008.

<sup>34</sup> 1040 GP/ ADC villages, 40 Panchayat Samities/ BACs, 4 Zilla Parishads, and 4 District Panchayat Offices.

work order issued in June 2007 for supply and installation of hardware to be done within two months from the date of signing the agreement (September 2007).

Scrutiny of records further revealed the following:

- The agreement did not spell out anything about the supply of application software, and no project plan for delivery and implementation schedule was also stipulated. The penalty clause was made applicable to only supply of computer hardware and was silent on the supply of application software. However, ₹ 24.74 lakh was paid (October 2008) to the firm in addition to the mobilisation advance (₹ 36 lakh paid in August 2007) without any project plan and deliverables, in contravention of the payment terms stipulated in the agreement.
- The computer hardware were supplied between September 2007 and January 2008, but their installation including networking in all the 138 units was completed only in September 2008. The Department paid ₹ 1.55 crore<sup>35</sup> (**Appendix - 2.5-C**) to the firm till October 2008.
- The first version of the application software was presented to the Department by the firm in August 2008 after a lapse of 13 months. Due to non-inclusion of specific delivery and implementation schedule in the agreement, the Department could not effectively enforce on the firm for timely supply and implementation of the software. After several rounds of correspondence/ meetings by the Department, the firm committed (February 2010) to supply the application software by March 2010, but the same has not been delivered till June 2010.

Thus, non-inclusion of delivery and implementation schedule for the application software in the form of project plan in the contract agreement led to delay in implementation of the first phase of e-Panchayat Project for about three years till June 2010. Due to non-implementation of the first phase of the project, the second phase could not be commenced and thus funds of ₹ 3.45 crore<sup>36</sup> already released for the project remained unutilised for over two years. The objective of the project has, therefore, not been achieved.

The Director stated (June 2010) that the application software is expected to be installed in July 2010 and the funds for the second phase would be utilised after successful implementation of the first phase. Further development, if any, was not furnished to audit though called for till the finalisation of the report (October 2010).

The matter was reported to the Government in August 2010; reply had not been received (October 2010).

<sup>35</sup> ₹ 84.95 lakh in August 2007 as 50 per cent mobilisation advance and ₹ 70 lakh in October 2008 after installation of the computer hardware and networking equipment in all the units.

<sup>36</sup> Balance amount of ₹ 0.15 crore of 1<sup>st</sup> phase of e-Panchayat Project and ₹ 3.30 crore being the cost of 2<sup>nd</sup> phase of e-Panchayat Project.

## INDUSTRIES AND COMMERCE DEPARTMENT (Handloom, Handicrafts and Sericulture)

### 2.10 Non-utilisation of Central assistance

**Inadequate planning and lack of active monitoring led to non-utilisation of central assistance of ₹ 1.00 crore even after a lapse of 27 months depriving the beneficiaries from the intended benefits.**

With a view to facilitate the handloom weavers' groups for becoming self-sufficient and to enable the weavers to produce quality products with improved productivity to meet the market requirements, Government of India (GOI) introduced the Centrally Sponsored Scheme 'Integrated Handlooms Development Scheme (IHDS)' for implementation during the XI Plan period. The scheme has a component called 'Cluster Development Programme', which provides for formation of handloom cluster units at various districts of the States. This Programme aims at identifying beneficiaries in the form of the weavers who would run the handlooms in the cluster units (the size of a cluster restricted to 300-500 handlooms per cluster). Maximum project cost of each cluster as per the Programme is ₹ 60 lakh for a project period of three years.

For implementation of the above Programme in Tripura (Part of Phase II and III)<sup>37</sup>, Government of India sanctioned ₹ 1.73 crore in January 2008 for four<sup>38</sup> clusters (Phase II- Project cost: ₹ 1.90 crore) and ₹ 1.82 crore in February 2008 for five<sup>39</sup> clusters (Phase III – project cost: ₹ 1.97 crore) and released ₹ 52.49 lakh and ₹ 47.78 lakh respectively, being the 1<sup>st</sup> installment of Central share of grant component (**Appendix - 2.6**).

The sanction order *inter alia* stipulated that utilisation certificates (UCs) in respect of grant released should be submitted under the provision contained in the General Financial Rule 19-A (i.e. within a period of 12 months of the closure of the financial year), failing which the grantee shall be required to refund the amount of the grant with interest thereon, as applicable from time to time.

Scrutiny of records (October 2009) of the Director, Handloom, Handicrafts and Sericulture (HH&S), Agartala revealed that the Central share of ₹ 1.00 crore (₹ 52.49 lakh and ₹ 47.78 lakh) was released to the Department, in March 2008 by the Finance Department, Government of Tripura. The Director (HH&S) drew (March 2008) the amount in three grants-in-aid bills<sup>40</sup> and released (between May 2008 and September 2009) ₹ 51.31 lakh to the nine (**Appendix - 2.6**) Handloom Cluster Executives (HCE) of

<sup>37</sup> Phase I of the Programme was not implemented in Tripura. The Programme started in Tripura with the implementation of Phase II onwards.

<sup>38</sup> Nalchar, Govindapur, Natunnagar and Amarpur.

<sup>39</sup> Muhuripur, Shankhola, Halahali, Malaya and Mungiakami.

<sup>40</sup> Bill Nos. 1325 (₹ 52.14 lakh), 1326 (₹ 31.08 lakh) and 1327 (₹ 17.05 lakh), dated 19 March 2008.

the State for the implementation. The balance amount of ₹ 48.96 lakh was kept in the CD account of the Director (May 2010).

As per progress report submitted (February 2009) to GOI by the Director (HH&S) the financial progress was shown as ₹ 21.34 lakh only. But till May 2010, no UCs against ₹ 51.31 lakh were submitted by the nine HCEs to the Director (HH&S).

The reasons for slow progress were attributed (June 2010) by the Director (HH&S) to delay in engagement of designers in each cluster and to absence of skill upgradation training. After getting (November 2009) approval from the GOI, the designers were engaged (December 2009) in each of the nine clusters and skill upgradation training was conducted in each of the nine clusters between 18 August 2008 and 18 September 2009 with other funds available.

Thus, even after a lapse of 27 months (March 2008 to May 2010), central assistance of ₹ 1.00 crore could not be fully utilised due to inadequate planning and lack of active monitoring depriving the beneficiaries from the intended benefits.

Though the progress reports submitted (August 2010) to the GOI indicated financial achievements upto July 2010 were ₹ 100.47 lakh, out of ₹ 101.91 lakh disbursed to the HCEs, but no UCs for the amount utilised by the HCEs were received by the Director (HH&S) till October 2010. Release order of State share of ₹ 10.69 lakh was issued only in May 2010 to the nine HCEs and an amount of ₹ 3.45 lakh for project management cost was lying (October 2010) with the Director (HH&S). As a result, further release of ₹ 2.55 crore<sup>41</sup> for Phase II and III (second installment) from GOI has been held up and the objectives of the programme are yet to be achieved even after two years of the receipt of the Central assistance.

The matter was reported to the Government in July 2010; reply had not yet been received (October 2010).

<sup>41</sup> (₹ 1.73 crore + ₹ 1.82 crore) – (₹ ₹52.49 lakh and ₹ ₹ 47.78 lakh).



## General

### CIVIL DEPARTMENTS

#### 2.11 Outstanding Inspection Reports

**First reply for 274 out of 1,083 Inspection Reports issued upto 2009-10 were not furnished by the Civil, Power and Public Works Departments within the stipulated period.**

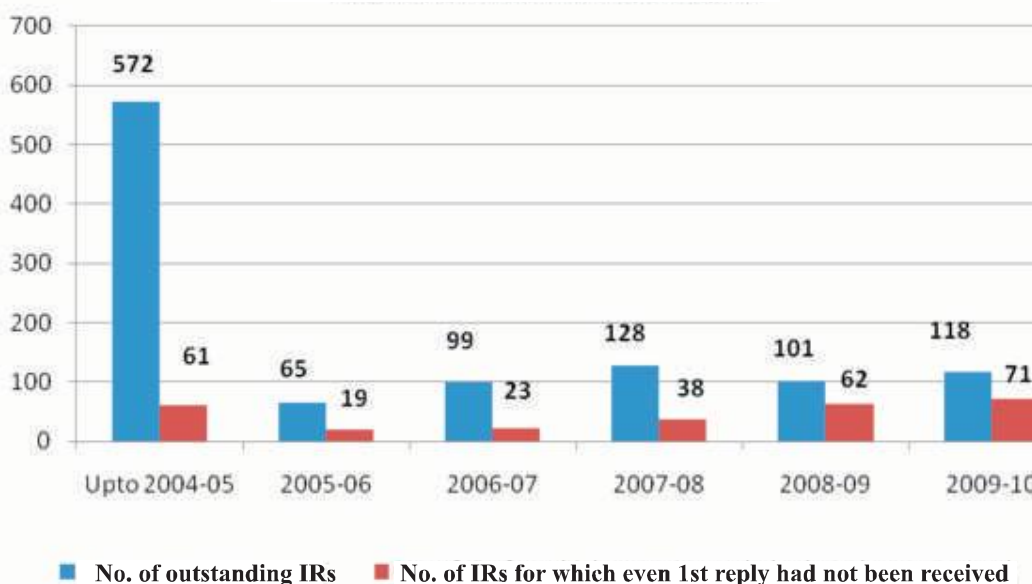
Audit observations on financial irregularities and deficiencies in maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the auditee departments and to the higher authorities through Inspection Reports (IRs). The more serious irregularities are reported to the Government. The Government had prescribed that the first reply to the IRs should be furnished within one month of the date of receipt.

The position of outstanding reports in respect of the Civil Departments (including Power and Public Works Departments) is discussed below.

3,286 paragraphs included in 1,083 IRs issued upto 2009-10 were pending settlement as of March 2010. Of these, even the first reply had not been received in respect of 274 IRs in spite of repeated reminders. The year-wise break up of the outstanding IRs and the position of response thereto is given in the chart below:

**Chart No. 2.11.1**

**Position of total outstanding IRs**



As a result, the following important irregularities commented upon in these IRs, had not been addressed as of March 2010.

**Table No. 2.11.1**

<b>Nature of irregularities</b>	<b>Number of cases</b>	<b>Amount involved (Rupees in crore)</b>
Excess/ Irregular/ Avoidable/ Unfruitful/ Wasteful/ Unauthorised/ Idle expenditure	78	35.80
Blocking of funds	64	35.50
Non-recovery of excess payments/overpayments	157	85.29
Others	1350	590.19
<b>Total</b>	<b>1649</b>	<b>746.78</b>

### **2.11.1 Departmental audit committee meetings**

During 2009-10, fourteen Audit Committee meetings were held. 90 IRs and 369 paragraphs were discussed in the meetings out of which 18 IRs and 188 paragraphs were settled.

### **2.11.2 Outstanding Inspection Reports of Local Bodies / Autonomous Bodies**

As of March 2010, 266 paragraphs included in 37 IRs issued upto 2009-10 to the local Bodies/Authorities were pending settlement. During 2009-10, 2 Audit Committee meetings were held for settlement of IRs on Autonomous Bodies. Three IRs and 13 paragraphs were discussed in the meetings, out of which 2 IRs and 12 paragraphs were settled.

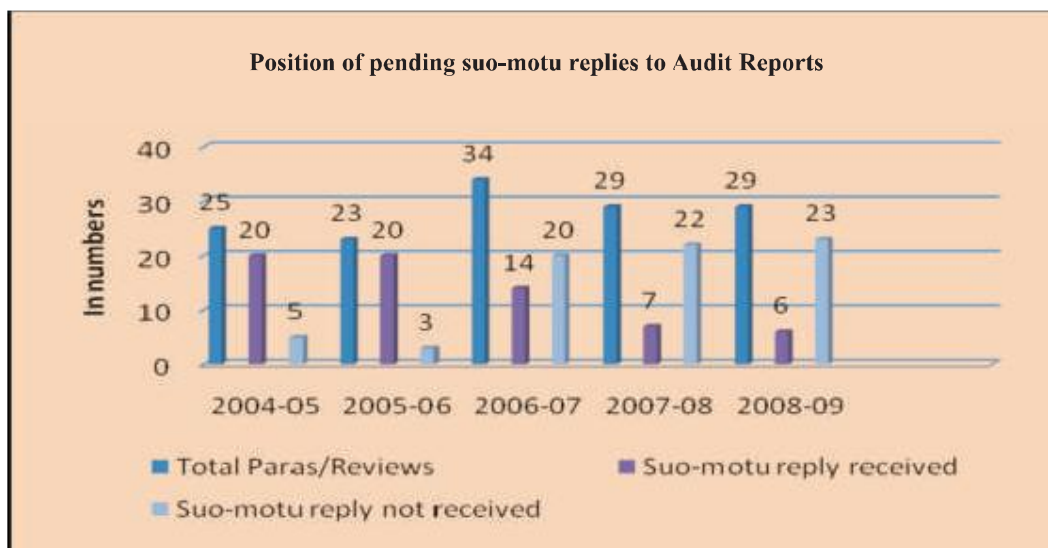
## **2.12 Follow up action on earlier Audit Reports**

### **2.12.1 Non-submission of explanatory notes**

Serious irregularities noticed in audit are included in the Report of the Comptroller and Auditor General of India (Audit Reports) and presented to the State Legislature. According to the instructions issued by the Finance Department, Government of Tripura in July 1993, the Administrative departments are required to furnish explanatory notes on the paragraphs/reviews included in the Audit Reports within three months of their presentation to the Legislature.

It was noticed that in respect of Audit Reports from the years 1988-89 to 2008-09, 19 Departments did not submit explanatory notes on 109 paragraphs and 28 reviews as of October 2010. The position of *suo motu* replies during the last five years is shown in the chart below.

Chart No. 2.12.1



The departments largely responsible for non-submission of explanatory notes were Power, Public Works (R&B) and Transport.

### 2.12.2 Response of the departments to the recommendations of the Public Accounts Committee (PAC)

Finance Department, Government of Tripura issued (July 1993) instructions to all departments to submit Action Taken Notes (ATN) on various suggestions, observations and recommendations made by PAC for their consideration within six months of presentation of the PAC Reports to the Legislature. The PAC Reports/Recommendations are the principal medium by which the Legislature enforces financial accountability of the Executive to the Legislature and it is appropriate that they elicit timely response from the departments in the form of Action Taken Notes (ATNs).

As of October 2010, out of 594 recommendations of the PAC, made between 1988-89 and 2005-06, ATNs in respect of 443 recommendations had been submitted to the PAC, out of which 425 had been discussed. The concerned administrative departments are yet to submit ATNs for 151 recommendations. Of these 77 recommendations were due from two departments (*viz.* Public Works Department and Agriculture Department).

### 2.12.3 Monitoring

The following Committees have been formed at the Government level to monitor the follow up action on Audit Reports and PAC recommendations.

#### Departmental Monitoring Committee

Departmental Monitoring Committees (DMCs) have been formed (April 2002) by all departments of the Government under the Chairmanship of the Departmental Secretary to

monitor the follow up action on Audit Reports and PAC recommendations. The DMCs were to hold monthly meetings and send Progress Reports on the issue every month to the Finance Department.

The details of DMC meetings held during 2009-10 were awaited (October 2010) from the Finance Department.

#### **Apex Committee**

An Apex Committee has been formed (April 2002) at the State level under the Chairmanship of the Chief Secretary to monitor the follow up action on Audit Reports and PAC recommendations.

The details of Apex Committee meetings held during 2009-10 were awaited (October 2010) from the Finance Department.

## CHAPTER III: INTEGRATED AUDIT

### 3.1 ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

*Animal Resources Development Department is responsible for implementing various programmes for livestock development with a view to attaining self-sufficiency in animal origin food production in the State. The Department formulated Perspective Plan (2002-12) to enhance productivity of local breeds of livestock and poultry by promoting use of scientific and modern animal husbandry practices with the objective of enhancing rural employment opportunities. To accomplish the above objectives, various programmes were undertaken by the Department, but delays in utilisation of funds, deficiency in implementation process and inadequate follow-up mechanism led to shortfall in achievement of the desired targets/objectives. Significant findings in audit are given below.*

Though the project under National Project for Cattle and Buffalo Breeding commenced in 2004-05, but SIA was constituted by the Government only in September 2009. Critical components of the project have not been taken up and ₹ 2.56 crore remained unutilised with various implementing agencies and in bank accounts for the last two years.

*(Paragraph 3.1.9.3)*

The targets fixed for Artificial Insemination of breedable cattle population in the State during the last five years was only 32 to 67 per cent against the scheme target of 80 per cent coverage. The achievement was between 40 and 78 per cent of the lower target fixed by the Department.

The number of cross bred cattle to total cattle population in the State increased from 7.55 per cent in 2003 to 7.76 per cent in 2007 registering an increase of only 0.21 per cent.

*(Paragraph 3.1.9.3)*

Non-availability of committed fund, inadequate training and extension programme, absence of awareness campaign, inadequate infrastructural facilities for transportation of inputs/ feed and marketing etc. coupled with poor monitoring of the functioning of SHGs during and after the project period rendered the entire project expenditure of ₹ 4.43 crore wasteful.

*(Paragraph 3.1.9.5)*

The objective of distributing six lakh poultry birds among 40,000 families per annum was achieved to the extent of only 12 per cent. There was no mechanism to oversee the actual production of eggs after the birds were distributed to the beneficiaries to assess the achievement of target.

*(Paragraph 3.1.9.6)*

The Department was lagging far behind in the targeted vaccination in case of I.B.D. (2 per cent), Duck Plague (6 per cent) and Swine fever (17 per cent), while in other cases the shortfall ranged between 27 and 39 per cent. Health care and veterinary services did not expand as envisaged in the Perspective Plan. There was shortage of man power in various category of posts in the Veterinary Hospitals and Dispensaries.

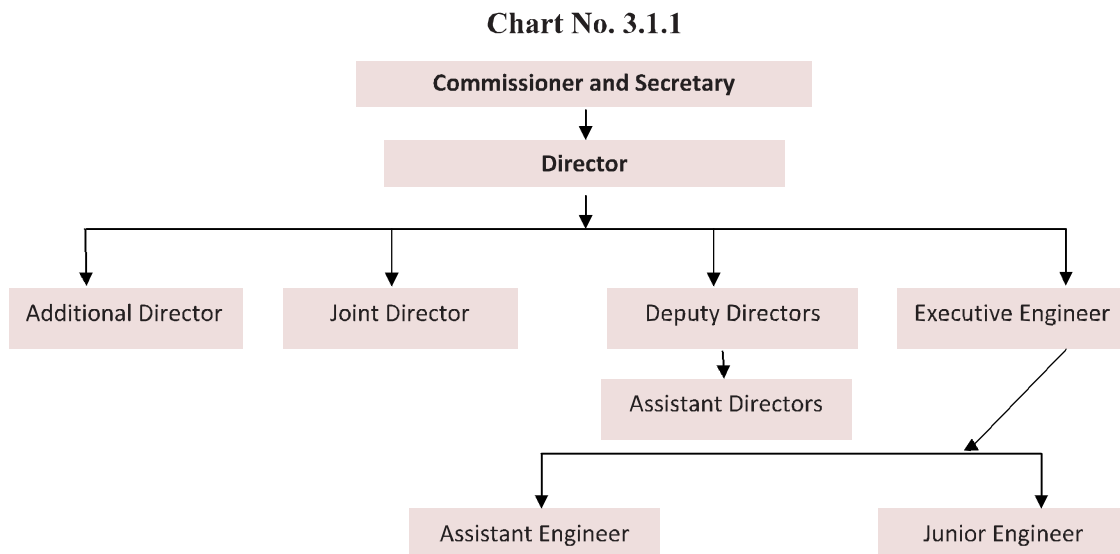
(Paragraph 3.1.9.7)

### 3.1.1 Introduction

The Animal Resources Development Department (ARDD) implements the policies and programmes for livestock development and aims at genetic improvement of milch animals, control and prevention of disease, augmenting production and supply of feed and fodder with a view to attaining self-sufficiency in animal origin food production, viz., milk, eggs and meat. The State is deficient in animal origin food and a wide gap exists between demand and supply. Accordingly, the State Government had drawn up a 10 year Perspective Plan (2002-12) with the objective of moving towards self-sufficiency in animal origin food and also increasing the per capita availability of milk, meat and eggs to the State's population.

### 3.1.2 Organisational set-up

The Department of Animal Resources Development (ARDD) is headed by the Commissioner and Secretary to the Government of Tripura. The programmes and activities of the Department are implemented by the Director, ARDD through one Additional Director, one Joint Director and other District and Sub-Divisional level officers (Dy Directors, Asstt. Directors, Veterinary Officers, etc.). The organisational chart of the Department is given below:





### 3.1.3 Scope of Audit

The integrated audit was conducted during May-July 2010 covering the functioning of the Department for the period 2005-10 by test check of records of the Director, ARDD and 13 out of 27 Drawing and Disbursing Officers (DDOs) in two<sup>1</sup> selected districts out of four districts using statistical sampling of PPSWR<sup>2</sup> method. Audit also test checked records maintained in four<sup>3</sup> out of seven Government Livestock Farms, four<sup>4</sup> out of eight veterinary hospitals including the State Veterinary Hospital, Agartala, 10<sup>5</sup> out of 43 veterinary dispensaries, two out of eight Artificial Insemination (AI) Centres at Abhoynagar and Udaipur and the State Level Disease Investigation laboratory at Agartala.

### 3.1.4 Audit Objectives

The audit objectives were to assess whether the Department has:

- efficient financial administration with reference to allocated priorities and optimum utilisation of resources;
- efficient management of human resources in terms of recruitment and deployment of personnel;
- adequate planning for implementation of various schemes to move towards attaining self-sufficiency in animal origin food;
- effective programme management in terms of delivery of goals of the schemes / programmes; and
- effective supervision and monitoring and impact assessment of the programmes.

### 3.1.5 Audit criteria

Audit findings were bench-marked against the following criteria:

- Perspective Plan and Annual Action Plans
- Budget documents and State Financial Rules
- Departmental policies / rules and regulations
- Government notifications and instructions
- Procedures prescribed for monitoring and evaluation of schemes / programmes.

<sup>1</sup> West Tripura and South Tripura Districts.

<sup>2</sup> Probability Proportionate to Size With Replacement.

<sup>3</sup> One Cattle/Duck Breeding Farm at R.K. Nagar, one Goat Breeding Farm at Debipur and two Poultry Farms at Gandhigram and Udaipur.

<sup>4</sup> Agartala, Bishalgarh, Udaipur and Amarapur.

<sup>5</sup> West Tripura District: Mohanpur, Jirania, Teliamura, R.K. Nagar, Amtali, Melaghar and South Tripura District: Bagma, Jamjuri, Kakraban, Santirbazar.

### 3.1.6 Audit Methodology

An entry conference was held on 21 May 2010 with the Principal Secretary, Government of Tripura and the Director, ARDD wherein audit objectives, criteria and scope of audit were discussed in detail. Audit findings and evidence are based on the result of analysis of records and observations, information and replies to questionnaire/audit memos furnished by the selected units. Exit conference was held on 9 September 2010 with the Commissioner and Secretary and the views of the Government have been incorporated at appropriate places.

### Audit findings

### 3.1.7 Financial Management

#### 3.1.7.1 Budget outlay and Expenditure

The Department receives funds through three grants<sup>6</sup> under six major heads<sup>7</sup>. The budgetary allocation for the Department under the three grants during the last five years ranged between ₹ 14.36 crore and ₹ 28.06 crore under plan and ₹ 21.51 crore and ₹ 36.58 crore under non-plan. The Department prepared its budget proposals in consultation with Planning and Coordination Department without obtaining any documentary inputs from the field units. In the absence of documentation, examination of budget assessment and management to fulfill long term requirements of individual units could not be ascertained.

The budgetary allocation of funds and expenditure incurred by the Department during 2005-10 were as under:

**Table No. 3.1.1**

*(Rupees in crore)*

Year	Budget Provision			Expenditure			Savings
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
2005-06	14.36	21.51	35.87	11.61 (19)	20.89	32.50	3.37 (9)
2006-07	17.24	22.92	40.16	9.11 (47)	22.25	31.37	8.79 (22)
2007-08	18.27	25.60	43.87	17.23 (6)	24.63	41.87	2.00 (5)
2008-09	27.89	30.38	58.27	24.33 (13)	25.24	49.57	8.70 (15)
2009-10	27.60	38.22	65.82	23.64 (14)	35.68	59.32	6.50 (10)

Source: Budget and Detailed Appropriation Accounts.

Figures in parenthesis indicate percentage savings.

Analysis of funds released revealed that there have been persistent savings in all the five years (2005-10) ranging from 5 to 22 *per cent* of budget allocation indicating over estimation of the requirements. Substantial savings in plan provision from 6 to 47 *per*

<sup>6</sup> Demand No. 19: Tribal Sub-Plan, Demand No. 20: Welfare of SCs, OBCs and Demand No. 29: Animal Resources Development.

<sup>7</sup> The Department operates six major heads, namely 2403 – Animal Husbandry; 2404 – Dairy Development; 2552 – NE areas; 4403 – Capital outlay on Animal Husbandry; 4404 – Capital outlay on Dairy Development and 4552 – Capital outlay on NE areas.

cent in all the five years also indicate wide gap between planning and implementation of planned activities.

### 3.1.7.2 Expenditure on Salaries

As per the recommendation of the Twelfth Finance Commission (TFC), revenue expenditure on salaries and wages, net of interest payment and pension should be 35 *per cent*. However, the Department has not fixed any norms for expenditure on administrative costs and programme implementation. Staff costs and other administrative expenses were high indicating availability of lesser allocation of funds for implementation of various programmes / schemes, as shown below:

Table No. 3.1.2

(Rupees in crore)

Year	Total Expenditure	Expenditure on Salaries (%)	Other Expenditure (%)
2005-06	32.50	20.96 (64)	11.54 (36)
2006-07	31.37	22.02 (70)	9.35 (30)
2007-08	41.87	24.12 (58)	17.75 (42)
2008-09	49.57	26.11 (52)	23.46 (48)
2009-10	59.32	34.41 (58)	24.91 (42)

Source: Voucher Level Computerisation records.

While staff costs ranged between 52 and 70 *per cent* of the total expenditure, the expenditure on programme implementation and other costs remained at 30 to 48 *per cent* during 2005-10. The major areas which contribute to high staff costs identified in audit were Government farms which constituted 21 *per cent* of the total expenditure on salaries. The Department needs to enhance the productivity and revenue earnings from these farms to make the farms financially sustainable in the long run and to reduce the gap between revenue receipts and expenditure on the excessive staff cost.

### 3.1.7.3 Expenditure Control and Management of cash

General Financial Rules (GFR) provide that Government expenditure should as far as possible be evenly phased throughout the year. Rush of expenditure at the close of the financial year is prone to the risk of Government not getting proper value for money as expenditure is likely to take place without due diligence and care. The position of expenditure of the Department in the Directorate and the Engineering Cell (HQ) in March each year during 2005-10 was as below:

Table No. 3.1.3

(Rupees in crore)

Year	Directorate, ARDD			Engineering Cell, ARDD		
	Total expenditure	Expenditure in March	Percentage	Total expenditure	Expenditure in March	Percentage
2005-06	6.79	2.15	32	1.48	1.25	84
2006-07	5.79	2.53	44	1.07	0.64	60
2007-08	8.67	3.93	45	4.93	4.40	89
2008-09	12.30	4.55	37	1.98	1.34	68
2009-10	14.24	3.71	26	2.58	1.60	62

Source: Voucher Level Computerised data.

The table above shows that rush of expenditure in March in the Directorate ranged between 26 and 45 *per cent* of total expenditure. In the Engineering Cell of ARDD, the expenditure towards the end of the financial year was about 60 to 89 *per cent* during 2005-10. This indicated rush of expenditure or placement of funds to field level Drawing and Disbursing Officers (DDOs) of the Department at the close of the financial years to depict the figures as final expenditure in their accounts.

#### 3.1.7.4 Retention of funds

Central Treasury Rules (CTR) provide that no money shall be drawn from the Treasury unless it is required for immediate disbursement. Scrutiny of Cash Book maintained in the Directorate revealed that there were closing balances amounting to ₹ 2.17 crore, ₹ 2.61 crore, ₹ 6.37 crore, ₹ 9.10 crore and ₹ 4.19 crore at the end of March during the last five years (2005-10) respectively. Unspent funds relating to various schemes were drawn from the Government accounts and kept in Bank Current Deposit accounts of the Departments. Thus, funds were drawn without proper assessment of requirement and were allowed to accumulate for a long time indicating lack of effective financial management and expenditure control.

An analysis of cash balance of 13 DDOs<sup>8</sup> in respect of South and West District at the end of March 2010 revealed that ₹ 2.75 crore for various schemes<sup>9</sup> was lying in the bank accounts of DDOs, of which an amount of ₹ 69.48 lakh was more than one year old.

#### 3.1.7.5 Incorrect reporting of expenditure

The Government of India (GOI) released ₹ 4.68 crore for implementation of a Phase-II scheme under National Project for Cattle and Buffalo Breeding (NPCBB) during 2007-09, of which ₹ 2.12 crore was spent by March 2010 leaving unspent balance of ₹ 2.56 crore. The Department, however, furnished (June 2010) utilisation certificates (UCs) for the entire funds (₹ 4.68 crore) to GOI to facilitate subsequent release of additional central funds. The unspent funds of ₹ 1.65 crore for vital components of works were merely placed with other implementing agencies in March 2010 without any progress till June 2010; ₹ 0.17 crore was invested in Term Deposit of SBI and the balance ₹ 0.74 crore was retained in the DDOs account.

The Department stated (July 2010) that while funds of ₹ 1.65 crore had been placed to different agencies for execution of civil works in March 2010, the unspent closing balance (₹ 0.74 crore) had been utilised during April-June 2010. The Department also

<sup>8</sup> Dy. Director, South; Dy. Director (FC), R.K. Nagar; P.O., ICDP-I; Asstt. Director, Bokafa; Asstt. Director, Khowai; Dy. Director, West; Asstt. Director, SPF, Gandhigram; Asstt. Director, Jirania; Asstt. Director, Bishalgarh; Dy. Director, CLF, Debipur; E.E., Engg Cell, Agartala; Asstt. Director, Mohanpur; Asstt. Director, Sabroom.

<sup>9</sup> Spl. Swarnajayanti Gramin Swarojgar Yojana (Spl.SGSY), National Project for Cattle and Buffalo Breeding (NPCBB), Rashtriya Krishi Bikash Yojana, and Feeds and Fodder Development.

admitted that since GOI do not release subsequent grants without UCs of the previous releases, UCs were furnished in anticipation of future utilisation.

#### 3.1.7.6 Abstract Contingent Bills

Delegation and Financial Power Rules, Tripura, 2007 provides that AC Bill should be adjusted within 60 days by submitting the Detailed Countersigned Contingent (DCC) Bills to the Controlling Officer for his countersignature and onwards transmission to the Accountant General (Accounts and Entitlement).

Scrutiny revealed that in respect of six<sup>10</sup> DDOs (including Directorate), DCC Bills against the drawal of 32 AC Bills involving ₹ 3.56 crore (1984-85: ₹ 3.35 lakh in four bills; 2004-05: ₹ 0.88 lakh in two bills; 2007-08: ₹ 274.26 lakh in six bills and 2008-09: ₹ 77.20 lakh in 20 bills) were lying outstanding for adjustment as of June 2010.

Non-submission of adjustment of AC bills for such a long time indicates the failure of the Department to enforce strict financial discipline and is fraught with the risk of fraud and misappropriation. Reasons for delay in submission of DCC Bills had not been intimated to audit.

#### 3.1.8 Human Resources Management

Against 2,116 sanctioned posts of 43 categories of staff as of March 2010, the Department had 1,498 men-in-position leaving a total vacancy of 618<sup>11</sup> in various categories of posts. The year-wise vacancy position in respect of the key functional posts for the last five years (2005-10) is shown in **Appendix - 3.1**.

During the last five years, 181 to 359 functional posts were lying vacant constituting 19 to 38 *per cent* of the total sanctioned posts in the Department. Most of the Group A officer posts from Addl. Director down to the level of Assistant Directors responsible for supervision and monitoring of various livestock developmental activities/schemes and operation of service delivery were also vacant for a long time. The vacancy was more acute at the level of Veterinary Surgeons and Animal Resources Development Assistants who are directly responsible for providing medical and health care services. In addition, 99 posts of livestock workers who are directly involved in handling animal rearing and health care were lying vacant for more than five years as of March 2010.

The Government in the exit conference stated (September 2010) that steps are being taken for immediate recruitment in some key posts and the proposal for recruitment in the Tripura Veterinary Service Cadre posts is under consideration of the Government.

<sup>10</sup> Dy. Director(CLF), Debipur; Project Officer, ICDP-II, Dharmanagar; Dy. Director (North), Kailashahar; EE, ARDD, Agartala; Dy. Director, (HQ), Agartala and Asstt. Director (North Zone), Kanchanpur.

<sup>11</sup> Gr.A: 47; Gr.B: 68; Gr.C: 404; Gr.D: 99.

### 3.1.9 Programme Implementation

#### 3.1.9.1 Planning

The Department prepared a Perspective Plan covering the period from 2002-03 to 2011-12, which was made effective from April 2002 for overall development of animal husbandry sector and to march towards self-sufficiency in animal origin food. However, during the course of mid-term appraisals, the plan was revised once in 2004-05 and again in 2007-08 reducing the production targets of milk, meat and egg while the projected demand shows an increasing trend (**Appendix - 3.2**).

During 2009-10, while significant achievement (81 *per cent*) was made in meat production as regard ICMR standards, there was severe shortfall in production of milk (84 *per cent*). Against the projected demand, the shortfall in achievement during 2009-10 was to the extent of 32 *per cent*, 14 *per cent* and 35 *per cent* in respect of milk, meat and egg production respectively. Thus, the objective of attaining self-sufficiency in production of milk, meat and egg by 2011-12 would largely remain unfulfilled unless immediate steps are taken to enhance the production.

#### 3.1.9.2 Livestock Breeding and Development Programme

Livestock breeding policy of the Department envisaged upgradation of livestock and promotion of farming amongst rural population with a view to ensuring higher milk production and other livestock products. To accomplish the above objectives of the Government, the Department undertook various activities some of which were selected for detailed scrutiny in audit as given in the succeeding paragraphs.

#### 3.1.9.3 National project for Cattle and Buffalo Breeding

The Government of India launched (October 2000) “National Project for Cattle and Buffalo Breeding (NPCBB)” to restructure and implement the cattle and buffalo breeding operation over a period of 10 years in two phases of five years duration each and a State Implementing Agency (SIA), an autonomous body, was to be formed in the State to implement the scheme.

For phase-I of the project, the Government of India released ₹ 2.95 crore in 2005 for streamlining storage and supply of liquid nitrogen; introduction of quality bulls with high genetic merit; promotion of private mobile AI practice for door step delivery of AI etc. An amount of ₹ 2.24 crore was utilised after two years upto July 2007 and the balance amount of ₹ 71 lakh was utilised in April 2008 after a lapse of three years. The State Government constituted the SIA only in September 2009 though the project commenced in 2004-05.

For Phase-II (2007-12), GOI released ₹ 4.68 crore in three installments (₹ 2.11 crore in March 2008, ₹ 0.21 crore in May 2008 and ₹ 2.36 in June 2008). The Department stated that ₹ 2.12 crore was utilised by end of 2009-10. The other amount of ₹ 2.56 crore (June



2008) was reported to have been fully utilised by March 2010, but only ₹ 0.74 crore was spent on the scheme in April – June 2010, ₹ 0.17 crore kept in Term Deposit and ₹ 1.65 crore was transferred to different implementing agencies only in March 2010 to implement (i) establishment of Bull Mother Farm for identification of quality bulls from superior pedigree mothers (₹ 100 lakh); (ii) field performance recording (₹ 40 lakh); (iii) strengthening of frozen semen bank (₹ 16.55 lakh); and (iv) strengthening of Training Centres (₹ 8.70 lakh). Thus, the benefits envisaged from the project remained unfulfilled till June 2010 due to non-implementation of the vital components of the project.

### Production of Liquid Nitrogen (LN<sub>2</sub>)

To meet the requirement of liquid nitrogen (LN<sub>2</sub>) in the Semen Banks/AI Centres etc. for preservation of frozen semen straws, the Department procured (November 1998) one LN<sub>2</sub> Plant from M/s Pacific Consolidated Industries, USA through their Indian agent M/s Chemito Instruments Pvt. Ltd., Kolkata against advance payment of ₹ 56.58 lakh made between November 1997 and November 1998. The Plant was installed (31 May 1999) by the seller at the R.K. Nagar Farm Complex and put on trial run on 1 June 1999, but the plant ceased to operate after only one day of running. Repeated attempts of the seller failed to put the plant in order, which finally broke down on 1 December 1999 due to defects in the turbo-expander of the cold box. The seller after inspection (7 December 1999) demanded cost for the replacement in spite of warranty being valid for 12 months. The Department did not take any further action on the matter and the plant remained inoperative since December 1999. Thus, procurement of the plant allowing full payment on dispatch without securing adequate safeguard for ensuring satisfactory commissioning of the plant on site rendered the entire expenditure of ₹ 56.58 lakh wasteful.

The Department, however, set up another LN<sub>2</sub> gas plant (Plant No.1) of 10 litres per hour non stop producing capacity on 8 March 2002 and two<sup>12</sup> more LN<sub>2</sub> plants having a total capacity of producing 35 litres per hour were added on 17 July 2008 (Plant No.2) and 2 February 2009 (Plant No.3). The status of production and utilisation of LN<sub>2</sub> during the last five years is shown below:

**Table No. 3.1.4**

*(Quantity in litres)*

Year	Demand	Capacity	Production	Purchased	Total available	Utilised	Loss on evaporation
2005-06	36038	87600	27339	-	37462	36038	1424 <sup>13</sup>
2006-07	52714	87600	31061	50406	81467	52714	28753 (35)
2007-08	50819	87600	31169	66187	97356	50819	46537 (48)
2008-09	76712	181980	64294	43273	107567	76712	30855 (29)
2009-10	99600	394200	99401	-	99401	89642	9759 (10)
<b>Total</b>	<b>315883</b>	<b>838980</b>	<b>253264</b>	<b>159866</b>	<b>423253</b>	<b>305925</b>	<b>117328 (28)</b>

Source: Departmental records. Figures in parenthesis indicate percentage.

<sup>12</sup> Plant No.2: 15 litres and Plant No.3: 20 litres per hour with non-stop working capacity.

<sup>13</sup> Handling loss.

It was observed that Plant No.1 had the capacity to produce 2.63 lakh litres<sup>14</sup> of LN<sub>2</sub> against the estimated demand and actual utilisation of 1.40 lakh litres during the three years (2005-08). However, the actual production during the period was only 0.90 lakh litres (34 *per cent*). Again during 2008-09, the available two<sup>15</sup> plants (Plant No.1 and 2) having production capacity of 1.80 lakh litres LN<sub>2</sub>, produced only 0.64 lakh litres i.e. 36 *per cent* of the total capacity against the estimated demand of 0.77 lakh litres during the year. The Department had to procure additional 1.60 lakh litres LN<sub>2</sub> during 2006-09 to meet their requirement from outside the State at a cost of ₹ 33.18 lakh till January 2009. The Department did not carry out proper assessment of the annual demand of LN<sub>2</sub>. Whatever the demand projected during 2005-09 was exactly shown to have been utilised. The purchase of LN<sub>2</sub> in addition to own production during 2006-09 was also made in excess of actual demand.

From the above, it was observed that the first two plants (Plant No.1 and 2) with 25 litres production capacity per hour (prior to installation of the Plant No. 3) could produce 2.19 lakh<sup>16</sup> litres LN<sub>2</sub> annually against the required demand of 0.77 lakh litres in 2008-09 and one lakh litres in 2009-10. Even if the annual requirement of LN<sub>2</sub> continued to increase at that rate (23,000 litres), the existing two plants would easily meet the total requirement for the next five years till 2015-16. Thus, if the production capacity of the available two plants were utilised optimally the purchase of the new plant (Plant No.3) at the cost of ₹ 1.62 crore could have been avoided.

The Government in the exit conference stated (September 2010) that under utilisation of the plants were due to power failure, low voltage and manpower constraints etc. The contention is not tenable as the Department could have taken remedial action in advance to ensure efficiency of production of the plants.

Further, the evaporation loss of LN<sub>2</sub> recorded during 2006-10 ranged between 10 *per cent* (2009-10) and 48 *per cent* (2007-08). The loss was unusually high (29-48 *per cent*) whenever there were purchases from outside sources indicating deficient purchase management and inefficient handling of LN<sub>2</sub>. The Department stated (July 2010) that high evaporation takes place during various stages in refilling, distribution and examination of straws. In the absence of any prescribed norms the Department would not be able to properly assess the loss due to evaporation. Even taking 10 *per cent* evaporation loss of 2009-10 as the criteria the excess loss works out to 77,505 litres costing ₹ 16.08 lakh during 2006-09.

<sup>14</sup> 10 litres X 24 hours X 365 days X 3 years.

<sup>15</sup> Plant No.1 and the new Plant No.2 installed on 17 July 2008.

<sup>16</sup> 25 litres X 24 hours X 365 days.

### Artificial Insemination Programme

The artificial insemination (AI) programme to upgrade the breed of cattle and to improve productivity by bringing 80 *per cent* of the breedable female cattle under organised breeding by 2011-12 was undertaken in the State since 2002. The target and achievement on artificial insemination programme during 2005-10 are given below:

**Table No. 3.1.5**

Year	Total milch cow available for insemination	Target fixed (% of total milch cow)	Achievement (%)	Shortfall (%)	% insemination (w.r.t. total milch cow)	Calf birth	Percentage of calf birth due to insemination
2005-06	2,13,123	1,43,000 (67.10)	77,531 (54.22)	65,469 (45.78)	36	24,596	31.72
2006-07	2,15,321	2,25,000 (104.50)	89,132 (39.62)	1,35,868 (60.38)	41	26,159	29.19
2007-08	3,34,921	1,10,000 (32.84)	85,531 (77.76)	24,469 (22.24)	26	30,291	35.29
2008-09	3,40,527	1,40,000 (41.11)	90,879 (64.91)	49,121 (35.09)	27	31,367	33.36
2009-10	3,42,387	1,80,000 (52.57)	1,05,568 (58.65)	74,432 (41.35)	31	37,199	35.24

Source: Departmental records.

The targets fixed for artificial insemination during 2005-10 was not commensurate with the target of covering 80 *per cent* of the breedable female cattle population set out under the scheme (NPCBB). The target set by the Department was neither consistent nor realistic considering that in the year 2006-07 against the availability of 2,15,321 milch cows for insemination, the target fixed was 2,25,000 i.e more than the available cows. In the subsequent three years, the targets fixed ranged between 33 *per cent* and 53 *per cent* of available cows. The actual insemination carried out during the last five years was even lower ranging between 40 *per cent* and 78 *per cent* of the target. In fact, the actual insemination with reference to the total breedable female cattle available in the State declined further from 41 *per cent* in 2006-07 to 31 *per cent* in 2009-10.

It was observed in audit that the target for AI could not be achieved mainly due to non-availability of adequate number of AI workers. Against the requirement of 1000 Door Step AI workers (DSAIW) by 2005-06, the Department could train only 640 DSAIW by the end of 2010 and of this, only 149 DSAIW were actually deployed for AI as of June 2010 and the rest 491 trained DSAIW had left the job due to their absorption in other gainful profession.

The Department stated that the tribal population in the State in general still prefers traditional way of rearing livestock and also acute shortage of AI staff resulted in the shortfall.

### Impact of AI on the growth of cross-breed cattle

The actual success rate for AI resulting in calves' birth in the State ranged between 29 and 35 *per cent* during 2005-10 (**Table No. 3.1.5**) as against 37-38 *per cent* at the national level (as informed by the Department) and 35-43 *per cent* success rate observed in the State of Assam.

However, the number of cross breed cattle to total cattle population in the State increased from 7.55 *per cent* in 2003 to 7.76 *per cent* in 2007 registering an increase of only 0.21 *per cent* as per census 2003 and 2007:

**Table No. 3.1.6**

17 <sup>th</sup> Livestock census 2003			18 <sup>th</sup> Livestock census 2007 (Provisional)		
Total No. of cattle	Cross-breed cattle	% of cross-breed cattle	Total No. of cattle	Cross-breed cattle	% of cross-breed cattle
7,59,176	57,304	7.55	9,48,278	73,543	7.76

Source: Departmental records.

It is seen from the above table that the total increase of cross breed cattle was only 16,239 between the years 2003 and 2007. However, as per the data available in the Department, during the four years (2003-07) the increase in cross breed population on account of AI was stated to be 1,05,848 calves. It is thus evident that the departmental figures were 6.5 times higher than the figures published in the census and were therefore, not reliable and hence the impact of AI on the growth of cross-breed cattle could not be verified in audit.

The Department stated (September 2010) that the discrepancy between actual calf birth and availability of cross breed cattle was mainly due to illicit migration of sizeable number of cross-breed cattle across the border.

#### 3.1.9.4 Heifer Rearing Scheme

A scheme "Rearing of Cross Breed Calves on Higher Plane of Nutrition" was introduced by the State Government in 2007-08 with a view to augment milk production and to enhance survivability of cross breed high yielding female calves/heifers by providing balanced concentrate cattle ration called Calf Growth Meal (CGM) at subsidised rate. Cost of ration with service charges was to be borne on a 50:50 cost sharing basis between the ARDD and the beneficiaries. Accordingly, an MOU was executed (February 2007) between the Department and the Tripura Co-operative Milk Producers Union Limited (TCMPUL), Agartala for supply of CGM. The Veterinary Assistant Surgeon of the hospitals / dispensaries / AI centres was to arrange receipt and delivery of the ration to the beneficiaries on 50 *per cent* payment basis. A total of 3603.246 MT calf ration costing ₹ 6.17 crore was distributed by the TCMPUL during the last three years (2007-10).

Scrutiny of records revealed the following:

(i) The scheme started (July 2007) with a coverage of 4,000 cross-breed female calves in 20 Blocks in the State. The target was subsequently increased to 6,000 in 2008-09 and to 8,000 calves in all the 40 Blocks during 2009-10. The shortfall in achievement of target for coverage of cross bred female calves was in the range of 859 to 2,200 calves representing 10.74 to 52.50 *per cent* of the target. The Government stated (September 2010) that the scheme could not be introduced in nine Blocks due to poor availability of cross-breed calves as the tribal cattle owners are reluctant to avail the benefit demanding more subsidies.

(ii) The selection of cross breed female calves was to be made on the recommendation of panchayat duly verified and certified by the authorised ARDD officers-in-charge. It was, however, noticed that 592 female calves were brought under the scheme on the demand of TCMPUL without any verification being exercised by authorised personnel of ARDD. The ration for these female calves was found to be supplied directly without routing through the concerned AI centres / Veterinary dispensaries, etc. In the absence of any verification, the eligibility of the beneficiaries and the quantity of ration actually supplied to such beneficiaries could not be verified in audit. The Government stated (September 2010) that all the selected beneficiaries will be randomly checked.

(iii) The State Level Feed Analysis Laboratory (SLFAL) at Agartala was entrusted by the Department for testing of the CGM supplied by TCMPUL. No testing was done during 2007-08 and only two and 20 samples were sent for testing by TCMPUL during 2008-09 and 2009-10 respectively. The samples were not being collected at random by the laboratory officials to ensure representative and more reliable testing results.

Even on the samples of ration supplied by TCMPUL, it was found that there was deviation from the acceptable standards in quality resulting in supply of inferior quality of CGM. However, the Department did not take up with the TCMPUL for ensuring supply of the required quality ration till June 2010. The Government (September 2010) stated the quality of ration will be ensured.

(iv) Cost of ration including transportation and five *per cent* service charges were to be taken together while calculating 50:50 cost sharing between ARDD and the beneficiaries. However, the share of beneficiaries was fixed initially on the cost of ration at ₹ 5.91 per kg instead of ₹ 7.26. Despite periodical enhancement of ration cost, beneficiaries' share remained constant at ₹ 5.91 per kg from July 2007 upto December 2009. It was only when the beneficiary's share of the cost of ration went up to ₹ 9.50 per kg, the share of beneficiary was enhanced to ₹ 6.80 per kg from January 2010 onwards. Details of quantity of ration supplied and short realisation of the prescribed share of beneficiary contribution are shown below:

Table No. 3.1.7

Year	Quantity supplied (in kg)	Cost per kg (in ₹)	Beneficiaries share per kg (in ₹)			Amount involved (in ₹)
			Due (50 per cent of cost)	Realised	Short realisation	
2007-08	4,77,105	14.52	7.26	5.91	1.35	6,44,092
2008-09	12,69,611	16.53	8.27	5.91	2.36	29,96,282
2009-10						
(04/09to08/09)	680010	16.53	8.27	5.91	2.36	16,04,824
(09/09to12/09)	641895	19.00	9.50	5.91	3.59	23,04,403
(01/10to03/10)	582360	19.00	9.50	6.80	2.70	15,72,372
<b>Total excess expenditure incurred by the Department</b>						<b>91,21,973</b>

Source: Departmental records.

Thus, due to non-adherence to the prescribed 50:50 cost sharing basis, the Department incurred excess expenditure of ₹ 91.22 lakh till March 2010. There was no mechanism to periodically review the supply of prescribed quality feed, and revision and correct realisation of the prescribed rates from the beneficiaries.

(v) The scheme also provides for compulsory insurance coverage to all the calves to give the financial security to the concerned beneficiaries so that they can purchase another calf in the event of death of the existing calf. However, no calves have been brought under insurance coverage.

#### 3.1.9.5 Special Project under Swarnjayanti Gram Swarozgar Yojana (SGSY)

The Department launched, in 2003, a “Project for setting up animal husbandry input production centres” under Special Swarnjayanti Gram Swarozgar Yojana (SGSY). The project envisaged creation of 200 Self Help Groups (SHGs) (150 piggery and 50 goatery) in three years<sup>17</sup>(2003-06) with total project outlay of ₹ 9.06 crore including loan component of ₹ 1.36 crore. The Project cost of ₹ 7.70 crore excluding the loan component was to be shared by the Central and the State Government in the ratio of 75:25. Of the total project outlay of ₹ 9.06 crore, an amount of ₹ 4.43 crore (Central: ₹ 2.53 crore<sup>18</sup>; State: ₹ 0.70 crore and Loan: ₹ 1.20 crore) was made available to the Department between October 2003 and February 2009 for project implementation.

The Project envisaged training to the beneficiaries and project staff, extensive awareness campaign in project villages, technical workshops, study tour of farmers outside the State to visit modern farms in various Central/ State sector, creation of infrastructure like market sheds, transportation facilities for inputs/feed and providing consultancy services by engaging experts from veterinary sciences. Out of 127 piggery SHGs, 51 SHGs were imparted the required 18 days training in 2003-04, while another 100 SHGs (piggery and goatery) were trained during 2003-07 for duration of only 5-7 days. 13 SHGs and the project staff did not receive the envisaged training. Neither consultancy services were

<sup>17</sup> First year: Piggery-50 and Goatery -10; second year: Piggery-50 and Goatery-20 and third year: Piggery-50 and Goatery-20.

<sup>18</sup> Central share: ₹ 2.31 plus interest thereon ₹ 0.22 crore.



arranged nor any awareness campaign, technical workshop and study tour conducted to equip the SHGs in sustainable production and marketing of animal inputs.

Though the project was supposed to be completed by 2005-06 with 200 SHGs, the Department set up 164 SHGs (Piggery: 127 and Goatery: 37) during 2004-08 incurring an expenditure of ₹ 4.32 crore as of June 2010. Central share of ₹ 3.47 crore and the State share of ₹ 1.22 crore were not made available for the project till June 2010. The reasons for non-allocation of the committed fund to the project were not furnished to audit.

As per target each Piggery SHG was to procure 35 breeding stock of pigs (Male: 5 and Female: 30) and in case of Goatery SHG, 160 parent goats (Male: 10 and Female: 150). However, the analysis of the records of test checked SHGs in the two selected districts revealed the following:

(i) Out of 79 SHGs in West Tripura District, test check of 57 SHGs (46 Piggery and 11 Goatery) showed that 32 Piggery SHGs procured breeding stock in the range of only 2 to 19 and the other 14 SHGs ranging from 21 to 28. In case of 11 Goatery SHGs, 9 SHGs procured parent stock ranging only from 15 to 75 nos., while one SHG procured 136 goats and another one met the target of 160 parent goats.

(ii) In the case of South Tripura District, out of 48 SHGs the records of 28 Piggery and 10 Goatery SHGs were test checked. It was found that 16 Piggery SHGs procured five to 20 breeding pigs and the other 12 SHGs procured 23 to 28 pigs. Similarly, in 10 Goatery SHGs, five SHGs procured only 23 to 90 goats while other five SHGs procured 112 to 141 goats.

In reply, the Government stated (September 2010) that due to hike in price of piglet, it was decided to reduce the target to 28 pigs instead of 35 pigs per SHG. In case of goatery, since parent stock of 160 goats was not available at a time their purchases took a long time. The fact however, remains that none of the SHGs procured even the reduced number of pigs.

The project required that the Government should monitor and continue to maintain the progress along with normal activities of the SHGs even after completion of the project period. Scrutiny of records revealed that out of 48 SHGs formed in South Tripura District, 20 SHGs were non-functional after the project period. In respect of the other five SHGs (4 Piggery and 1 Goatery), the envisaged activities had not been taken up as on May 2010 and the amount of ₹ 6.56 lakh already paid to the SHGs remained in the bank account. Similarly, in respect of West Tripura District out of 79 SHGs formed, 14 SHGs were non-functional after the project period and three SHGs (2 Piggery and 1 Goatery) have not taken up project activity as of May 2010 and ₹ 3.23 lakh already paid to the SHGs remained unspent in the bank account. As the project does not have any plan to sustain the activities of the SHGs after implementation, the scheme could not be made economically sustainable in the long run as envisaged in the project report. The

Government stated (September 2010) that the SHGs were not interested to continue the activity due to non-availability of feed locally and high transportation cost if brought from outside.

Thus, non-availability of committed fund, inadequate training and extension programme, absence of awareness campaign in project villages, non-conducting technical workshops/study tours and inadequate infrastructural facilities for transportation of inputs/ feed, marketing etc., coupled with poor monitoring of the functioning of SHGs during and after the project period rendered the entire project expenditure of ₹ 4.43 crore unfruitful.

### 3.1.9.6 Block Level Brooder House

The Department introduced (2005-06) a scheme for setting up 40 Block Level Brooder Houses (BLBHs) (one in each of the 40 Blocks) in the State (30 Poultry and 10 Duckery). Each Brooder House (BH) was designed to rear 1,500 DOC/DOD<sup>19</sup> (procured from Government Farms) up to one month in each batch for distribution to farmers (15 birds to each of the 100 selected beneficiaries) for backyard farming and 10 batches (15,000 birds) were targeted to be reared to cover around 1,000 farmers annually. On the whole, it was planned to distribute six lakh chicks / ducklings annually among 40,000 families to produce at least six crore eggs to lessen the dependency on import from outside. The scheme was to be implemented through women SHGs / groups of unemployed youths in collaboration with Panchayat Samities. The scheme provides for training to the selected SHGs by the Department and the household beneficiaries were to be selected by the respective Panchayat Samities.

The approved unit cost<sup>20</sup> of ₹ 2.80 lakh for poultry and ₹ 3.51 lakh for duckery as a onetime expenditure on housing and rearing cost of first batch of DOC/DOD was to be borne on a 2:1 fund sharing basis between the Department and the Panchayat Samities. The recurring expenditure on the second and subsequent batches would be borne by the SHGs. The Department initially (July 2005) released its share of ₹ 61.06 lakh for setting up of 30 BLBH (20 poultry @ ₹ 1.848 lakh and 10 duckery @ ₹ 2.41 lakh) to the respective Block Development Officers (BDOs). An amount of ₹ 18.48 lakh for the remaining 10 Poultry BHs was also released in June 2006 to the concerned BDOs. The actual expenditure incurred by the BDOs was not made available to audit.

Though the target date for setting up of 40 BHs was September 2005, funds were released by the Department only in July 2005 (30 BHs) and June 2006 (10 BHs). Against the target of 40 BHs, 26 BHs were established by end of 2007 after a lapse of 18 months and 10 BHs were completed only at the end of 2008, three BHs in 2008-10, and one BH at

<sup>19</sup> DOC – Day old chick; DOD – Day old duckling.

<sup>20</sup> Unit costs include construction of house ₹ 2.50 lakh and ₹ 2.90 lakh and rearing cost for the first batch of 1500 DOC/DOD for ₹ 0.30 lakh and ₹ 0.61 lakh respectively for Poultry and Duckery units.

Bishalgarh was not set up till June 2010. Out of 39 BHs established, 16 BHs were not found operational during 2009-10 mainly due to poor maintenance of BHs and the occasional outbreak of diseases, etc. The Department also could not furnish information on any awareness campaign and training being arranged and actually imparted to the selected SHGs on running of brooding centres and the beneficiary farmers for household level poultry/duck farming as required under the scheme.

Against the total rearing target of 3.45 lakh DOCs/DODs in 23 operational BHs during 2009-10, the actual achievement was only 26 *per cent* indicating under-utilisation of the available capacity of the BHs. In the two District selected, it was noticed that against the target of 10 batches each of 1500 DOCs/DODs per annum, three to seven batches were operated with as low as 200 DOCs/DODs per batch. The objective of distributing six lakh poultry birds among 40,000 families per annum was achieved to extent of only 0.69 lakh birds (12 *per cent*). There was no mechanism in place in the Department to assess the actual production of eggs out of birds distributed through BLBH. The under-performance of BLBH was attributed to managerial problems such as non-lifting of DOC/DOD from the Departmental farms, delay in disposal of chicks / ducklings, high mortality rate, lack of interest on the part of some of the BDOs, poor utilisation of funds etc. The Government stated (September 2010) that initial temporary structure of the brooder houses had been unsuitable for rearing of chicks. However, the brooder houses are now being repaired and supply of birds increased.

Thus, absence of training and awareness campaign on a regular basis, inadequate infrastructure backup and deficient monitoring resulted in non-achievement of the desired objectives.

#### **3.1.9.7 Animal Health Care and Veterinary Services**

Optimal productivity of livestock and birds depend on their state of health and clinical care. The State Government recognizes the importance of protection of animal resources by preventive methods of immunization and providing regular medical care through veterinary hospitals and dispensaries. The Perspective Plan includes plan for strengthening animal health care system in the State. Some of the activities have been examined in audit and observations are given in succeeding paragraphs:

##### **Assistance to State for Control of Animal Diseases (ASCAD)**

To achieve the objective of preventive health care of animals and birds, the Government of India (GOI) launched a scheme "Assistance to State for Control of Animal Diseases (ASCAD)" on 75:25 sharing basis with the State Government. The scheme included programme for immunization, strengthening of disease diagnostic laboratories, training of veterinarians, holding of workshops/seminars and awareness-cum-health camps at Block/Panchayat level etc. Out of total allocation of ₹ 9.15 crore (GOI: ₹ 6.94 crore and

State: ₹ 2.21 crore.) during 2005-10 for implementation of ASCAD, ₹ 9.03 crore was spent on the scheme till March, 2010.

The performance on immunization for last four years (2006-10) was as under:

Table No. 3.1.8

(number in lakh)

Sl. No.	Name of Vaccines	2006-07			2007-08			2008-09			2009-10		
		T	A	A (%)	T	A	A (%)	T	A	A (%)	T	A	A (%)
1.	FMD	4.40	1.50	34	7.00	3.69	53	7.00	4.50	64	6.74	5.42	80
2.	BQ	4.00	1.51	38	6.00	3.46	58	6.00	2.83	47	5.20	3.58	69
3.	HS	5.00	3.16	63	7.00	3.00	43	7.00	3.44	49	6.24	4.54	73
4.	Anthrax	0.50	0.28	56	2.61	0.20	33	0.61	0.30	49	0.66	0.49	74
5.	SF	1.50	0.24	16	2.10	0.26	12	2.10	0.35	17	1.74	0.30	17
6.	ND(F1)	5.00	3.19	64	10.00	5.65	56	10.00	20.65	206	11.20	15.00	134
7.	ND(R2 B)	5.00	2.40	48	10.00	5.06	51	10.00	5.93	59	11.20	6.82	61
8.	Duck cholera	1.00	0.15	15	1.21	0.97	80	7.00	0.58	8	1.83	0.50	27
9.	Duck Plague	2.00	0.80	40	2.42	0.50	21	2.42	1.55	64	2.32	0.15	6
10.	IBD	2.00	0.54	27	2.42	0.78	32	2.42	1.22	50	4.55	0.10	2

Source: Departmental records. T=Target and A=Achievement.

It is seen from the above table that while there was over achievement of target in ND (F1) in 2009-10, there was hardly any achievement in the case of vaccination for Duck Plague and IBD and the Department was lagging far behind in the targeted vaccination for Swine Fever and Duck Cholera. In the remaining cases, the shortfall ranged between 20 and 39 per cent.

The shortfall in immunization target in different vaccines during the last four years had an adverse impact on the preventive health care programme on all the potential livestock and birds, leaving them vulnerable to communicable and fatal diseases affecting the health and their ultimate survivability. Taking the data of two years 2008-10, the number of disease outbreaks and affected animals/birds were quite considerable, as given below:

Table No. 3.1.9

Sl. No.	Diseases	2008-09		2009-10	
		Outbreaks	Affected Nos.	Outbreaks	Affected Nos.
1.	Ascariasis	114	1508	150	2603
2.	Amhistomiasis	83	2381	109	2003
3.	Strongylosis	111	2044	130	2787
4.	Coccidiosis	47	2388	54	1758
5.	Swine Fever	08	100	03	52
6.	Duck Cholera	13	367	10	191
7.	Ranikhet	08	1905	10	359
8.	FMD	03	611	27	992
9.	Salmonellosis	28	4504	28	7593
<b>Total</b>		<b>415</b>	<b>15808</b>	<b>521</b>	<b>18338</b>

Source: Departmental records.

The reasons for shortfall in achievement of target in immunization were attributed (September 2010) by the Government to inadequate availability of vaccines, non-receipt of supply and inadequate man power to carry out vaccination programme. The reply is not acceptable as the scheme has been in operation for over five years and therefore, the Department should have taken steps to eliminate the hindrances in order to reduce the number of outbreak of diseases and consequent adverse affect on animals and birds.

### Veterinary Services

The Revised Perspective Plan (RPP), 2007 envisaged intensive and wider coverage of veterinary services all over the State by establishing more veterinary facilities in terms of new hospitals, dispensaries and first-aid centres.

It was observed that only 3 dispensaries and 36 first-aid centres were added during the period of three years, though 70 *per cent* of Gram Panchayats were planned to be covered during the period. Further, no modern diagnostic facilities like X-ray, USG and other investigation units for hospitals and dispensaries were introduced. One X-ray machine of 100 MA capacity of the State Level Veterinary Hospital, Agartala remained inoperative due to non-posting of X-ray technician. Three more Mobile Veterinary Units (MVU) were planned for three hospitals during 2007-10 but no MVU were provided during the period. The existing MVU in 2007-08 was also not in operation as of June, 2010.

### Shortage of Manpower at Veterinary Hospitals/Dispensaries

Operation of veterinary Hospitals / Dispensaries for providing health care depends on availability of the required manpower. A test check of records in Hospitals/Dispensaries of the selected two districts revealed acute shortage of manpower in various categories of posts (**Appendix - 3.3**). Information gathered in respect of four hospitals and nine dispensaries in the two selected districts showed that one Veterinary Hospital and six Veterinary Dispensaries were running without Veterinary Assistant Surgeon (VAS), three other hospitals including the State Hospital had five VAS and 18 ARDAs<sup>21</sup> against the requirement of eight VAS and 25 ARDAs. There were no technicians/X-ray operators in any of the four hospitals. Due to shortage of manpower, 24 Stockman sub-centres (SMSCs)/Veterinary First Aid-Centres (VSAC) were in operation for 2 days per week basis.

### 3.1.10 Livestock Farms

The declared objective of the Department is to march towards self sufficiency in animal origin food and to create avenues for self employment. In order to move towards this objective, the Department established 12 livestock farms all over the State for demonstration-cum-extension of livestock activities. Records of some of the livestock

<sup>21</sup> Animal Resources Development Assistant.



farming activities in four Government farms in the selected districts were test checked in audit and observations are given below:

### 3.1.10.1 Cattle Breeding Activity

In the whole of the State, cattle breeding activity is carried out at R.K. Nagar Farm, Agartala. The unit had a total strength of 146 cattle during 2005-06 which declined to 113 at the end of 2009-10. No new acquisition of cattle was done in the unit during the five year period except calves born (averaging 29 annually). Old and unproductive 57 cattle were disposed of through sale and 109 cattle died during the period.

During 2005-10, out of 144 new born calves, 53 died after birth. The average rate of mortality of new born calves ranged between 26 *per cent* and 47 *per cent* during the period, due to poor health surveillance system in the farm. The reasons for high mortality rate of new born calves were attributed to diseases and unscientific management of cattle farming. Photographs of the cattle breeding farm at R.K.Nagar are given below:



Cattle rearing in R.K. Nagar cattle breeding farm

The Government stated (September 2010) that due to fund constraints cattle sheds could not be renovated. Steps as necessary had been taken to carry out renovation and proper initiatives were being taken to prevent calf mortality.

### Milk Production

The unit kept 26 to 31 milch cows during the last five years under review. The performance of the Farm in this activity is shown below:



Table No. 3.1.10

Year	Average no. of Milch cow	Milk to be produced as per norm <sup>22</sup> (kg)	Actual Production (kg)	Loss in production		
				Quantity (kg)	Average sale price ₹/kg	Amount (₹)
2005-06	31	90520	80900	9620	15.64	150457
2006-07	31	90520	72985	17535	16.00	280560
2007-08	30	87600	70991	16609	15.22	252789
2008-09	27	78840	67137	11703	15.48	181162
2009-10	26	75920	63264	12656	19.34	244767
<b>Total</b>		<b>423400</b>	<b>355277</b>	<b>68123</b>		<b>1109735</b>

Source: Departmental records.

According to the average number of milch cows maintained per year and the norms of productivity of milk, the farm could have produced 4, 23,400 kg of milk during 2005-10. But actual production was 3, 55,277 kg with a shortfall in production of 68,123 kg valued at ₹ 11.10 lakh. Reasons for shortfall have not been furnished to audit.

### 3.1.10.2 Goat Breeding Activity

Composite Livestock Farm, Debipur in West Tripura district engaged in goat breeding activity. The perspective plan emphasised massive promotion of goat rearing in rural areas involving SHGs for commercial production to raise meat availability from goat to 3,370 MT at the end of March 2010 constituting 13 *per cent* of the total meat requirement (25,950 MT) in the State. The Farm was to supply 1,400 breeding bucks of superior quality to all Gaon Panchayats during the period 2005-10. However, the actual supply from Debipur Farm was only 57 breeding bucks.

The Farm adopted rearing of Black Bengal variety of goat having potentiality of twin or triple kidding. The kidding performance of the Farm for the last five years was as under:

Table No. 3.1.11

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Parent Stock (Female)	125	104	97	144	221	691
Kids born	125	99	175	177	174	750
Kids to be born as per norms	375	312	291	432	663	2073
Shortfall	250	213	116	255	489	1323

Source: Departmental records.

Based on the minimum standard kidding rate<sup>23</sup> and the average herd strength of goat maintained round the year, the farm should have produced 2,073 kids during the period 2005-10. The actual production was, however, 750 representing a shortfall of 64 *per cent*.

### Mortality

A total number of 596 goats died in the farm during the five years with year-wise mortality ranging between 19 *per cent* and 52 *per cent*. Assessment in respect of the reasons for such high mortality had not been undertaken for taking remedial action.

<sup>22</sup> 8 kg per cow per day can be produced as per intimation furnished by DD, R.K. Nagar FC.

<sup>23</sup> 2/3 kids three times in two years per breedable goat i.e. minimum 2 kids at 1.5 times annually / goat.

The Government stated (September 2010) that due to incidence of newly emerged diseases (PPR), a good number of mother stock died resulting in less production of kids and also non replacement of parent stock resulted in stunted growth of kids born. The fact, however, remains that the mortality of goats was significantly high considering the available infrastructure, balanced and scientific feed and health care facilities in the farm and the Department failed to address the persistent shortfall in kids born during the last five years.



Goat Breeding Farm at Debipur

### 3.1.10.3 Poultry Activity

In the selected two districts, poultry activity in State Poultry Farm, Gandhigram (West Tripura District) and District Poultry Farm, Udaipur (South Tripura District) out of three poultry farms in the State was test checked. The main objective of these farms was to maintain pure bred of parent stock of Low Input Technology (LIT) variety of birds and to ensure supply of chicks through hatching for distribution to the farmers for backyard farming.

#### Shortfall in production of eggs

As per the average parent stock<sup>24</sup> maintained round the year and the prescribed norms of productivity of 180 eggs (minimum) per hen per year, the District Poultry Farm (DPF), Udaipur should have produced 8.30 lakh eggs during 2005-10. But it was noticed that the actual production was only 4.15 lakh (90 eggs per hen/year) indicating shortfall in production of 4.15 lakh eggs involving ₹ 6.22 lakh (@ ₹ 1.50 per egg) (**Appendix - 3.4**). It was also seen that egg production in Gandhigram during the same period was about 200 eggs per hen per year though the climatic condition with that of Udaipur was similar.

The Government stated (September 2010) that the egg production in DPF, Udaipur was affected during 2007-09 on account of Salmonellosis. The fact, however, remains that

<sup>24</sup> 2005-06: 1021; 2006-07: 802; 2007-08: 1293; 2009-10:1493.

even during the previous two years (2005-07) the average egg production was only 146 which is less than both the norms as well as the average production in the Gandhigram farm. There is, therefore, a need to investigate the reasons and take remedial action.

#### **Shortfall in production of chicks**

In the two poultry farms, as per the norms<sup>25</sup> 80 *per cent* of the total production of eggs should have been fit for hatching. However, out of the total production of 18.59 lakh eggs, 7.62 lakh (41 *per cent*) were set for hatching during the period 2005-10. Further, according to the prescribed norms of hatchability (80 *per cent* of the total eggs set for hatching), the farm should have produced 6.10 lakh chicks, but the actual production was 5.68 lakh (75 *per cent*). Thus, the farms could not maintain the prescribed hatching norm leading to shortfall in production of 0.42 lakh chicks with financial involvement of ₹ 2.05 lakh (@ ₹ 5.00 per chick) (**Appendix - 3.5**).

The Government stated (September 2010) that the quantum of production of chicks in a given period of time is correlated with actual demand in the field and that due to nonfunctioning of most of the Block Level Brooder Houses there was no demand of chicks which resulted in limited chick production. The reply indicates the deficiency of the Department to popularise the scheme through awareness programme and therefore, there is a need to take effective steps in this area.

#### **3.1.10.4 Duck Breeding Activity**

In the whole of Tripura State two farms, namely, R.K. Nagar and Debipur (West Tripura District) are engaged in duck breeding activity. The main objective of the duck breeding farms was to maintain pure breed of parent stock of exotic duck and to ensure supply of ducklings through hatching of eggs for distribution to the farmers for rearing.

#### **Shortfall in production of eggs**

Based on an average parent stock<sup>26</sup> maintained round the year and the norms<sup>27</sup> of productivity of 250 eggs per duck per year, the farms should have produced 47.91 lakh eggs during 2005-10. But the actual production was only 27.30 lakh with a shortfall in production of 20.61 lakh eggs valued at ₹ 51.52 lakh (@ ₹ 2.50 per egg) (**Appendix - 3.6**).

#### **Shortfall in production of duckling**

In both the farms it was noticed that against the departmental norms of 80 *per cent* of the total eggs to be set for hatching, 6.60 lakh eggs (24 *per cent*) out of the total production of 27.31 lakh were actually set for hatching. Based on the norms of hatchability (80 *per cent* of eggs set for hatching), the farms should have produced 5.28 lakh ducklings, but

<sup>25</sup> The norms as communicated (June 2010) by the Jt. Director, i/c Poultry farms (HQ).

<sup>26</sup> 2005-06: 3063; 2006-07: 3578; 2007-08: 2543; 2008-09: 2375; 2009-10: 2346.

<sup>27</sup> Communicated (June 2010) by the Assistant Director, i/c Duck Breeding Unit.

the actual production was only 4.22 lakh (64 *per cent*) resulting in shortfall of 1.06 lakh ducklings involving a revenue loss of ₹ 8.51 lakh (@ ₹ 8.00/duckling) (**Appendix - 3.7**). A photograph depicting the duck breeding farm at R.K. Nagar is given below:



**Duck Breeding Farm, R.K. Nagar.**

It was noticed that the farm at R.K. Nagar has four 'Setter' and two 'Hatcher' machines, of which only one 'Setter' and one 'Hatcher' was in working condition during the last five years. The managerial staff deployed in both the farms had also no specialisation on duck farming.

#### **3.1.10.5 Quail Breeding Activity**

A quail breeding project was taken up in the State Poultry Farm, Gandhigram (SPF) in 2000-01 with the envisaged provision of 5,000 parent line quail birds to produce three lakh quail chicks annually to meet the rearing demand of small and marginal farmers and unemployed youth in the State.

GOI sanctioned ₹ 80 lakh with initial release of ₹ 40 lakh (July 2003). The balance of ₹ 40 lakh was released subsequently during 2007-08 ₹ 33.12 lakh in December 2007 and ₹ 6.88 lakh in September 2008). The farm had spent ₹ 74.98 lakh for construction/renovation of rearing/brooder houses, cost of feed, medicine etc. till March 2010.

Against the projected production of three lakh chicks annually, the farm could produce only 8,169 chicks in three years during 2005-08. No chicks were disposed of for rearing/farming during the last five years (2005-10) except 7,207 quail birds sold for consumption. The quail species procured from outside the State could not adjust to local climate and died in huge numbers as and when the parent stocks were replenished. The mortality rate was as high as 73 to 100 *per cent*. As a result, the farming activity had to be put on hold during March 2006 to June 2007, February 2008 to September 2008 and from November 2008 to March 2010.

It was also noticed that SPF, Gandhigram spent ₹ 11.37 lakh (feed ingredients: ₹ 10.82 lakh and medicine: ₹ 0.55 lakh) for quail farming during February-March 2009, though the farm did not have any stock of quail birds from November 2008 to March 2010. In fact, the farm remained defunct since November 2008. Thus, the entire expenditure of ₹ 74.98 lakh on infrastructure development for quail farming was wasteful.

The Government stated (September 2010) that the Department had to restrict mother stock as well as chick production as it failed to popularise quail as meat in the State. To move on with the programme as per its objective the quail rearing has been started again from April 2010. The fact however, remains that continued operation of the quail unit through fresh procurement of quail birds from outside the State without first conducting any study on their survivability in the local condition would not be sustainable in the long run.

#### 3.1.10.6 Feed Mixing Plants

In order to meet the requirement of concentrate feed for animal consumption, the Department had set up five Feed Mixing Plants (FMPs) in the State. In the selected two districts, five FMPs (R.K.Nagar:2, Gandhigram:2 and Udaipur:1) with total production capacity of four MT of feed per hour were installed. With a minimum of 7 working hours per day (272 days in a year), the available five plants could produce 7,616 MT feed in a year. However, only 5,558 MT<sup>28</sup> of feed were produced in three years (2007-10) at an average of 1,853 MT per annum. Due to underutilisation of the FMPs, the Department had to meet the requirement of feed from outside sources. For instance 3,603 MT mixed feed costing ₹ 6.16 crore was purchased during 2007-10 from TCMPUL for distribution to the beneficiaries under Heifer Breeding Scheme.

Further, a Feed Mixing Plant at the District Poultry Farm, Udaipur installed in May 2007 was operational for about three months up to August 2007 and produced only 11,971 kg feed. Thereafter, the plant remained idle for want of adequate staff and the farm's requirement of compound feed was procured from the R.K. Nagar Farm Complex till June 2010.

The Government stated (September 2010) that due to manpower shortage the departmental plants are utilised only for preparation of feed required in Government Livestock farms and the plant in Udaipur was idle as there was no feed requirement and that the outsourcing of feed supply for HRS was preferred to avoid the hurdles in arranging transportation. However, it was observed in audit that the Feed Mixing Plants procured for production of feed were more than their requirement and capacity to handle resulting in gross underutilisation and idling of assets.

<sup>28</sup> R.K. Nagar: 4841 MT; Gandhigram: 705 MT and Udaipur: 12 MT.



### 3.1.10.7 High Maintenance Cost of Government Farms

Government Livestock Farm should essentially be a role model to inspire others to follow livestock activity to enhance their income generating capacity and thereby improving the rural economy of the State. It was however, seen that the Department incurred substantial expenditure only on maintenance of the 12 Government Livestock Farms demonstrating livestock farming an unsustainable proposition in so far as economic activity is concerned. During 2009-10, staff cost (₹ 7.88 crore) constituted 74 *per cent* of the total expenditure (₹ 10.58 crore) in these farms. Against this, sale proceeds on delivery of farm products and services accounted for only ₹ 1.36 crore representing 13 *per cent* of the total expenditure, as shown in **Appendix - 3.8**. The staff cost on maintenance of these Live Stock Farms constituted 21 *per cent* of the total expenditure (₹ 38.39 crore) on salaries of the Department.

No norms were fixed for deployment of staff in the Government Livestock Farms. The deployment of staff and permanent labour in these farms remained unchanged over the years irrespective of their requirement for actual activities and expected performance. It was noticed that out of the total 915 staff deployed, 77 *per cent* are permanent labourers engaged in the farms round the year. The Department had not carried out any review or assessment of actual requirement of staff in each farm for efficient utilisation of the available manpower resources. Thus, engaging a large number of permanent labourers without any fixed norms involving huge staff cost in comparison to the revenue earnings would not only compromise the efficiency of these farms but also make the activities economically unsustainable in the long run. No performance parameter for these farms was also prescribed by the Department to assess their activities. Besides, as per information furnished by the Department, audit observed that no demonstration / teaching programme was conducted by the farm during the last five years. The farms also do not have any designated staff to carry out such services.

The Department stated (September 2010) that the farms are maintained for the purpose of demonstration-cum-teaching unit meant for extension service and promotion of live stock farming. Since the farms are not run on commercial basis, these units may not be evaluated in the light of productivity and staff cost ratio. The fact, however, remains that the Government farms have failed to be a role model as the total receipts generated through live stock farming *vis-à-vis* expenditure resulted in huge loss. Further, demonstration and training needs of the people have also not been fulfilled.

### 3.1.11 Internal Control, Monitoring and Evaluation

Internal control is an integral process designed to provide reasonable assurance that the accountability obligations were fulfilled, the rules and regulations were complied with and the policies and programmes of the Department were implemented in an orderly, economical, efficient and effective manner.



The Department in all its units in districts and sub-divisions audited did not maintain expenditure control register to record the details of year-wise drawal of funds against allocation and expenditure. Reporting system of the field offices and their compilation in the Directorate was highly inadequate. Non-release of fund as well as non-utilisation of available fund in time in respect of Central/State plan schemes reflected slow implementation of the programmes and consequent non-achievement of target and objectives. There was no project implementation and monitoring cell in the Department and the follow-up action mechanism essential for successful implementation of scheme / programme was inadequate. No evaluation was carried out by the Department to assess the impact of implementation of programmes/activities undertaken and to take appropriate remedial action. In the absence of any performance evaluation, the impact in terms of intended objectives of the various schemes could not be ascertained in audit.

### 3.1.12 Conclusion

The goal of achieving self-sufficiency in production of milk, meat and eggs by 2011-12 would remain largely unachieved considering the huge shortfall in production against the per capita availability at national level or the projected State demand over the last five years. The livestock breeding and developmental programme taken up by the Department during the review period did not fulfill their desired objectives. The Department could not successfully implement SGSY and BLBH schemes due to lack of effective project management and inadequate follow-up action for remedial measures after investment of huge funds. The health care and veterinary services over the last five years have not been sufficiently strengthened and upgraded as envisaged in the Perspective Plan. The Government Livestock Farms were operated with high staff cost and no performance indicator have been prescribed for the farms. No assessment of actual requirement of staff based on suitable norms in Government livestock farms was carried out for efficient and productive utilisation of manpower resources and no demonstration/teaching programme were conducted for the farmers during the last five years.

### 3.1.13 Recommendations

- The Department should strengthen project management and follow-up action mechanism for effective implementation of the schemes / projects.
- Mid-term evaluation and impact assessment of schemes / projects implemented should be carried out to take remedial action for better achievement of the desired objectives.
- Performance parameters should be prescribed to ensure efficiency in operation of Government livestock farms considering high operating costs.
- A review should be carried out to strengthen the animal health care system and veterinary services in hospitals and dispensaries across the State.

## CHAPTER IV: REVENUE RECEIPTS

### 4.1 General

#### 4.1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Tripura, its share of divisible Union taxes and grants-in-aid from the Government of India during 2009-10 and the corresponding figures for the preceding four years are mentioned below:

Table No. 4.1.1

	(Rupees in crore)				
	2005-06	2006-07	2007-08	2008-09	2009-10
<b>I. Revenue raised by the State Government</b>					
Tax revenue	296.09	341.55	370.70	442.50	527.01
Non-tax revenue	63.62	94.97	115.41	149.04	125.40
<b>Total (I)</b>	<b>359.71</b>	<b>436.52</b>	<b>486.11</b>	<b>591.54</b>	<b>652.41</b>
<b>II. Receipts from the Government of India</b>					
State's share of net proceeds of divisible Union taxes	404.38	515.78	650.62	686.52	706.34
Grants-in-aid	2,260.03	2,381.06	2,561.61	2,798.72	3,042.60
<b>Total (II)</b>	<b>2,664.41</b>	<b>2,896.84</b>	<b>3,212.23</b>	<b>3,485.24</b>	<b>3,748.94</b>
<b>III. Total receipts of the State Government (I+II)</b>	<b>3,024.12</b>	<b>3,333.36</b>	<b>3,698.34</b>	<b>4,076.78</b>	<b>4,401.35</b>
<b>Percentage of I to III</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>15</b>	<b>15</b>

Source: Finance Accounts 2009-10.

The above table indicates that during the year 2009-10, the revenue raised by the State Government was 15 *per cent* of the total revenue receipts (₹ 4401.35 crore). The percentage of own receipts to total receipts during the current year was the same as compared to the previous year. The balance 85 *per cent* of the receipts during 2009-10 was from the Government of India.

**4.1.1.1** The tax revenue during 2009-10 increased by 19 *per cent* to ₹ 527.01 crore from ₹ 442.50 crore in 2008-09. The improvement in the collection was mainly under the heads of major taxes, viz. Sales Tax/VAT (19 *per cent*), State excise (27 *per cent*) and Taxes on vehicles (25 *per cent*) and Stamps and Registration fees (7 *per cent*) as shown in the table below:

Table No. 4.1.2

Heads of revenue	2005-06	2006-07	2007-08	2008-09	2009-10	(Rupees in crore)
						Percentage increase (+) or decrease (-) in 2009-10 over 2008-09
Sales Tax/VAT	203.39	233.45	264.98	314.79	374.93	(+) 19
State excise	32.30	38.41	38.50	48.28	61.09	(+) 27
Other taxes on income and expenditure	21.91	22.19	23.73	25.97	29.16	(+) 12
Stamps and registration fees	14.21	16.61	14.98	17.03	18.15	(+) 7
Taxes on vehicles	17.43	22.51	23.20	29.82	37.14	(+) 25
Other taxes and duties on commodities and services	3.40	5.11	2.17	0.84	0.95	(+) 13
Land revenue	3.25	3.03	2.97	5.55	5.55	-
Taxes on agricultural income	0.14	0.15	0.11	0.18	0.01	(-) 94
Taxes and duties on electricity	0.02	0.01	0.01	0.02	0.02	-
Others	0.04	0.08	0.05	0.02	0.01	(-) 50
<b>Total</b>	<b>296.09</b>	<b>341.55</b>	<b>370.70</b>	<b>442.50</b>	<b>527.01</b>	(+) 19

Source: Finance Accounts 2009-10.

The Departments did not inform (October 2010) the reasons for the variations in the receipts in 2009-10 over 2008-09 despite being requested (June 2010).

**4.1.1.2** The non-tax revenue during 2009-10 decreased by 16 *per cent* to ₹ 125.40 crore from ₹ 149.04 crore in 2008-09 mainly due to decrease under the heads Interest Receipts (by 56 *per cent*) and Police (by 15 *per cent*). There was substantial increase under the heads Other Administrative Services (by 405 *per cent*) and Village and Small Industries (by 7200 *per cent*) as shown in the table below:

Table No. 4.1.3

(Rupees in crore)

Heads of revenue	2005-06	2006-07	2007-08	2008-09	2009-10	Percentage increase (+) or decrease (-) in 2009-10 over 2008-09
Forestry and Wildlife	4.87	6.24	5.52	5.57	6.29	(+) 13
Education, Sports, Art and Culture	0.87	0.73	1.00	1.55	1.50	(-) 3
Crop Husbandry	1.43	1.56	1.53	1.70	1.52	(-) 11
Other Administrative Services	2.14	3.18	3.55	2.33	11.76	(+) 405
Miscellaneous General Services	0.34	25.43	0.52	22.28	22.29	(+) 0.04
Water Supply and Sanitation	0.75	0.68	0.62	1.23	1.13	(-) 8
Police	11.15	6.88	14.22	19.86	16.88	(-) 15
Interest Receipts	16.62	26.23	58.93	62.93	27.88	(-) 56
Stationery and Printing	2.30	2.47	1.86	1.75	1.26	(-) 28
Animal Husbandry	1.31	1.54	1.54	1.56	1.45	(-) 7
Industries	8.47	9.25	9.30	9.38	11.87	(+) 27
Public Works	2.09	3.62	3.98	6.17	7.71	(+) 25
Village and Small Industries	0.05	0.06	0.07	0.02	1.46	(+) 7200
Fisheries	0.60	0.64	1.27	1.89	0.68	(-) 64
Other Rural Development Programmes	0.13	0.09	0.07	0.03	0.03	-
Others	9.40	6.31	10.94	10.79	11.69	(+) 8
<b>Total</b>	<b>62.52</b>	<b>94.91</b>	<b>114.92</b>	<b>149.04</b>	<b>125.40</b>	<b>(-) 16</b>

Source: Finance Accounts 2009-10.

The Departments did not inform (October 2010) the reasons for variation in the receipts of 2009-10 over 2008-09 despite being requested (June 2010).

#### 4.1.2 Initiative for mobilisation of resources

In the budget for 2009-10, the Government proposed revenue collection of ₹ 545.80 crore under tax receipts. The actual collection of ₹ 527.01 crore during the year was less than the budget estimates by ₹ 18.79 crore, which fell short of the estimates by 3 *per cent*.

#### 4.1.3 Variations between the budget estimates and actuals

The variations between the budget estimates and the actual receipts for the year 2009-10 in respect of some important heads of tax and non-tax revenue are mentioned in the table below:

Table No. 4.1.4

*(Rupees in crore)*

TAX REVENUE				
Heads of revenue	Budget estimates	Actuals	Variation: increase (+)/ decrease (-)	Percentage variation over budget estimates
Sales tax	396.00	374.93	(-) 21.07	(-) 5.32
State excise	46.54	61.09	(+) 14.55	31.26
Stamps and registration fees	22.57	18.15	(-) 4.42	(-) 19.58
Taxes on vehicles	34.26	37.14	(+) 2.88	8.41
Land revenue	6.20	5.55	(-) 0.65	(-) 10.48
Taxes on agricultural income	-	0.01	-	-
Taxes and duties on electricity	0.02	0.02	-	-
Other taxes on income and expenditure	30.77	29.17	(-) 1.60	(-) 5.20
Other taxes and duties on commodities and services	9.44	0.95	(+) 8.49	(-) 89.94
NON-TAX REVENUE				
Forestry and Wildlife	5.99	6.29	(+) 0.30	5.00
Other Administrative Services	5.27	11.76	(+) 6.49	123.15
Miscellaneous General Services	66.75	22.29	(-) 44.46	(-) 66.61
Interest Receipts	20.00	27.88	(+) 7.88	39.40
Stationery and Printing	3.05	1.26	(-) 1.79	(-) 58.68
Public Works	6.39	7.71	(+) 1.32	20.66
Animal Husbandry	1.70	1.45	(-) 0.25	(-) 14.71
Fisheries	1.40	0.68	(-) 0.72	(-) 51.42
Other Rural Development Programmes	0.09	0.03	(-) 0.06	(-) 66.66
Industries	11.25	11.87	(+) 0.62	5.51
Water Supply and Sanitation	0.75	1.13	(+) 0.38	50.66
Education, Sports, Art and Culture	1.50	1.50	-	-
Police	18.50	16.88	(-) 1.62	(-) 8.76
Village and Small Industries	0.08	1.46	(+) 1.38	1725.00
Crop Husbandry	2.00	1.52	(-) 0.48	(-) 24.00
Others	13.44	11.69	(-) 1.75	(-) 13.02

The large variations between the budget estimates and actuals in all major heads indicate that the budget estimates for collection of tax and non-tax revenue were not prepared on realistic basis. The reasons for variations of actuals over budget estimates during 2009-10 as intimated by the respective Departments are given below:

The decrease in **Sales Tax/VAT** (5.32 *per cent*) was due to reduction in the prices of Petroleum products, whereas the increase in **State Excise** (31.26 *per cent*) was due to higher consumption of the liquor.

The decrease in **Police** receipts (8.76 *per cent*) was due to non payment of outstanding deployment cost of security personnel from different agencies.

The decrease in **Fisheries** receipts (51.42 *per cent*) was due to transfer of some assets of the Department to the TTAADC.

The increase in **Forestry and Wildlife** (5 *per cent*) was due to increase in collection of revenue for sale of timber and receipt from other sources like fines/forfeiture, etc.

The remaining Departments did not inform (October 2010) the reasons for the variations despite being requested (June 2010).

#### 4.1.4 Analysis of collection

Break-up of the total collection at the pre-assessment stage and after regular assessment of sales tax for the year 2009-10 and the corresponding figures for the preceding two years as furnished by the Commissioner of Taxes is mentioned below:

Table No. 4.1.5

(Rupees in lakh)

Heads of revenue	Year	Amount collected at pre-assessment stage	Amount collected after regular assessment (additional demand)	Penalties for delay in payment of taxes and duties	Amount refunded	Net collection of Taxes <sup>1</sup>	Percentage of collection of column 3 to 7
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Finance Department</b>							
Sales tax/ VAT	2007-08	26,106.42	261.37	1.14	-	26,368.93	99.00
	2008-09	31,324.60	153.66	0.76	-	31,479.02	99.51
	2009-10	37,310.59	160.52	22.26	-	37,493.37	99.51

The collection of sales tax at pre-assessment stage ranged between 99 and 99.51 *per cent* during 2007-08 to 2009-10 indicating that tax audit was minimal.

#### 4.1.5 Cost of collection

The gross collection in respect of the major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the year 2007-08, 2008-09 and 2009-10 alongwith the relevant all India average percentage of expenditure on collection to gross collection for 2008-09 are mentioned in the table below:

Table No. 4.1.6

(Rupees in crore)

Heads of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2008-09
Sales tax / VAT	2007-08	264.98	3.05	1.15	0.88
	2008-09	314.79	3.59	1.14	
	2009-10	374.93	5.19	1.38	
State excise	2007-08	38.50	0.87	2.26	3.66
	2008-09	48.28	1.09	2.26	
	2009-10	61.09	1.62	2.65	
Stamps and registration fees	2007-08	14.98	1.93	12.88	2.77
	2008-09	17.03	1.68	9.86	
	2009-10	18.15	1.80	9.92	
Taxes on vehicles	2007-08	23.20	0.98	4.22	2.93
	2008-09	29.82	1.05	3.52	
	2009-10	37.14	1.60	4.31	

<sup>1</sup> The figures furnished by the Department are at variance within the Finance Accounts. The Department has not yet reconciled the figures with the Accountant General (August 2010).

The above table indicates that the percentage of expenditure on collection in respect of Sales tax/VAT, Stamp duty and Registration fees and Taxes on vehicles was higher than the all India average cost of collection.

#### 4.1.6 Arrears in assessment

The details of assessments relating to sales tax and taxes on agricultural income pending at the beginning of the year, additional cases becoming due for assessment during the year, cases disposed during the year and cases pending at the end of each year, during the period 2005-06 to 2009-10 as furnished by the Department are mentioned in the table below:

Table No. 4.1.7

Year	Opening balance	Cases which become due for assessment	Total	Cases disposed of during the year	Cases pending at the end of the year
2005-06	24,400	7,384	31,784	12,792	18,992
2006-07	18,992	39	19,031	8,645	10,386
2007-08	10,386	39	10,425	7,682	2,743
2008-09	2,743	39	2,782	2,067	715
2009-10	715	39	754	286	468

#### 4.1.7 Evasion of tax

The details of cases of evasion of tax detected by the Departments, cases finalised and the demands for additional tax raised as reported by the Department are given below:

Table No. 4.1.8

(Rupees in lakh)

Name of tax/ duty	Cases pending as on 31 March 2009	Cases detected as on 31 March 2010	Total	No. of cases in which assessments/ investigations completed and additional demand including penalty etc., raised	No. of cases pending finalisation as on 31 March 2010
Sales tax	3	258	261	261	536.13
					-

#### 4.1.8 Results of audit

Test check of the records of sales tax, land revenue, state excise, motor vehicles, stamps and registration fees, other tax receipts, forest receipts conducted during the year 2009-10 revealed under assessment/short levy/loss of revenue amounting to ₹ 1.92 crore in 19 cases. These were pointed out in the inspection reports issued to the Departments.

This chapter contains four paragraphs pointing out loss/non-realisation of Tax and Non-Tax revenue of ₹ 1.78 crore.

#### 4.1.9 Departmental Audit Committee meetings

During 2009-10, five audit committee meetings were held in which 142 paragraphs contained in 40 Inspection Reports were discussed and 56 paragraphs and 4 IRs were settled.



#### 4.1.10 Failure to enforce accountability and protect the interest of the Government

The Accountant General (Audit), Tripura arranges to conduct periodical inspection of the various offices of the Government Departments to test check the transactions of tax and non-tax revenue receipts and verify the maintenance of important accounting and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of offices/Government are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report compliance through initial reply to the Accountant General within thirty days from the dates of issue of the IRs. Serious financial irregularities are reported to the heads of the departments and the Government.

As of March 2010, 1406 paragraphs contained in 437 Inspection Reports (IRs) issued upto September 2009 and involving ₹ 97.26 crore remained outstanding. Of these, 138 IRs containing 477 paragraphs involving ₹ 12.67 crore had not been settled for more than 10 years by the Finance Department (sales tax, electricity duty, etc.) and the Forest Department (forest receipts). Even the first replies required to be received from the head of office within 30 days from the date of receipt of the IR were not received in respect of 598 paragraphs of 138 IRs, issued between March 1994 and March 2010.

The Department-wise breakup of IRs and audit observations outstanding as on March 2010 is mentioned below:

Table No. 4.1.9

Department	Position of IRs issued upto September 2009 but not settled at the end of March 2010			Position of IRs and paragraphs not settled for more than 10 years			Position of IRs in respect of which even first reply has not been received from March 1996 to March 2010		
	No. of IRs	No. of para-graphs	Money value (Rs. in crore)	No. of IRs	No. of para-graphs	Money value (Rs. in crore)	No. of IRs	No. of para-graphs	Money value (Rs. in crore)
<b>Finance (Excise and Taxation)</b>									
Sales Tax	95	322	14.21	47	131	2.79	10	49	1.97
Professional	03	04	0.06	-	-	-	02	03	0.06
Stamp Duty and Registration Fees	07	09	0.31	-	-	-	-	-	-
Electricity Duty	182	711	27.06	34	133	0.93	65	298	4.30
Agricultural Income Tax	02	03	-	-	-	-	-	-	-
Amusement Tax	05	09	0.10	-	-	-	01	02	0.03
State Excise	11	16	1.75	-	-	-	05	18	1.44
<b>Forest</b>									
Forest Receipts	103	232	17.98	51	185	3.47	31	146	7.45
<b>Revenue (Land Records and Settlement)</b>									
Land Revenue	09	10	0.99	-	-	-	09	10	0.09
<b>Transport</b>									
Motor Vehicles	20	90	35.70	6	28	5.48	15	72	15.30
<b>Total</b>	<b>437</b>	<b>1406</b>	<b>98.16</b>	<b>138</b>	<b>477</b>	<b>12.67</b>	<b>138</b>	<b>598</b>	<b>30.64</b>

The above position indicates the failure of the departments concerned to initiate action in respect of the defects, omissions and irregularities pointed out in the IRs. The Principal Secretaries/Secretaries of the departments are informed of the position on 1<sup>st</sup> June each year through annual statement of outstanding IRs and paragraphs.

#### 4.1.11 Response of the departments to draft audit paragraphs

Four paragraphs contained in this report were forwarded during June and July 2010 to the Secretary of the administrative departments concerned demi-officially seeking confirmation of facts and figures as well as their comments within six weeks. Replies of the Government to paragraphs have not been received (October 2010).

#### 4.1.12 Internal audit

Finance (Excise and Taxation) Department had not established an internal audit wing for auditing the revenue receipts of the State Government (August 2010). Since internal audit is an effective tool in the hands of the management of an organisation to assure itself that the organisation is functioning in an efficient manner and in terms of its stated objectives, the Government may consider establishing the system of internal audit.

#### 4.1.13 Follow up on Audit Reports – summarised position

13 reviews and 127 audit paragraphs had featured in Audit Reports 1988-89 to 2008-09. Nine out of the 13 reviews and 98 out of 127 paragraphs had been discussed by the PAC as of October 2010. Against nine reviews and 98 paragraphs already discussed in the PAC, only 43 ATNs (six against the reviews and 37 against the paragraphs) on the recommendations of the PAC had been received.

#### 4.1.14 Compliance with the earlier Audit Reports

During the years 2004-05 to 2008-09, the Departments/Government accepted the audit observations involving ₹ 23.86 crore, out of which an amount of ₹ 0.74 lakh had been recovered till October 2010. The details are mentioned below:

Table No. 4.1.10

(Rupees in lakh)

Sl. No.	Year of the Audit Report	Total money value of the paragraphs of Receipt Audit	Money value accepted by the State Government	Recovery made
1.	2004-05	25.06	25.06	0.71
2.	2005-06	82.15	65.71	Nil
3.	2006-07	127.96	103.78	Nil
4.	2007-08	667.00	420.00	-
5.	2008-09	1964.00	1771.00	0.03
<b>Total</b>		<b>2866.17</b>	<b>2385.55</b>	<b>0.74</b>

## FINANCE (EXCISE & TAXATION) DEPARTMENT

### (State Excise)

#### 4.2 Short realisation of establishment cost

**Establishment costs for the Excise staff deputed in a bonded warehouse at Kumarghat was paid less by the licensee than the amount due during 2005-06 to 2008-09, resulting in short realisation of establishment costs of ₹ 5.14 lakh**

Rule 71 of the Tripura Excise Rules, 1990 as amended from time to time provides that the Collector shall employ 'officers and establishment' to a private warehouse licensed under the Tripura Excise Act, 1996 and Rules framed thereunder. The estimated cost of such officers and establishment shall be paid by the licensee of the warehouse quarterly in advance. While computing the cost of officers and establishment, the average pay including special pay, pension contribution, leave salary contribution and compensatory allowance shall be included.

Further, the Commissioner of Excise vide memo no.F.11-5(1)-Ex/95/0348-49 dated 8<sup>th</sup> May 1995 clarified that the pension contribution and leave salary contribution etc., shall be charged @ 17 per cent each on the total salary entitled by such officers and staff assigned to warehouses.

On test check of records (February 2010) of the Collector of Excise, North Tripura, Kailashahar we noticed that a licensee, M/S Kumarghat Bonded Warehouse, Kumarghat, operative during 2005-06 to 2009-10, paid establishment costs for the Excise staff deputed therein lesser than the amount due during 2005-06 to 2008-09<sup>2</sup>, resulting in short realisation of establishment costs of ₹ 5.14 lakh (including pension contribution and leave salary contribution of ₹ 3.20 lakh), as shown below:

*(in Rupees)*

Year	Establishment cost due			Establishment cost realised			Establishment cost short realised		
	Pay and allowances	Pension contribution and leave salary contribution	Total	Pay and allowances	Pension contribution and leave salary contribution	Total	Pay and allowances	Pension contribution and leave salary contribution	Total
2005-06	2,00,037	68,013	2,68,050	1,90,968	nil	1,90,968	9,069	68,013	77,082
2006-07	2,25,938	76,819	3,02,757	1,66,103	nil	1,66,103	59,835	76,819	1,36,654
2007-08	2,53,400	86,156	3,39,556	1,70,925	nil	1,70,925	82,475	86,156	1,68,631
2008-09	2,60,717	88,644	3,49,361	2,17,245	nil	2,17,245	43,472	88,644	1,32,116
<b>Total</b>	<b>9,40,092</b>	<b>3,19,632</b>	<b>12,59,724</b>	<b>7,45,241</b>	<b>nil</b>	<b>7,45,241</b>	<b>1,94,851</b>	<b>3,19,632</b>	<b>5,14,483</b>

The Collector of Excise, North Tripura stated (July 2010) that the licensee had not agreed to pay the establishment costs for the period from 1 April 2008 to 21 May 2008 as the

<sup>2</sup> Final assessment and payment of dues for 2009-10 was yet to be done (February 2010).

warehouse remained defunct during that period due to non-renewal of licence; and the matter would be intimated to audit as soon as decision of the Commissioner of Taxes is received. Further development was awaited (October 2010).

The reply does not seem to be justifiable as had the Department ensured timely renewal of licenses, the warehouse would not have remained non-operational and the establishment cost would have been realised.

We reported the matter to the Government in June 2010; their reply had not been received (October 2010).

### (Sales Tax/Value Added Tax)

#### 4.3 Loss of revenue

**Failure of the Department to renew the licence of a firm for the year 2009-10 in time resulted in a loss of revenue of at least ₹ 17.69 lakh. Besides, reduction of licence fee without any recorded reason was tantamount to undue favour to the firm resulting in a loss of revenue of ₹ 40.16 lakh for the period from 2007-08 to 2009-10.**

On test check of records (February – March 2010) of the Collector of Excise, West Tripura, Agartala we noticed the following:

##### (i) Loss of revenue due to delay in renewal of a licence

Rule 54 of the Tripura Excise Rules, 1990 provides that licence for a distillery must be renewed annually.

For renewal<sup>3</sup> of licence for the year 2009-10 for blending, compounding and bottling of India Made Foreign Liquor (IMFL), M/s Gemini Distilleries (Tripura) Private Ltd. requested the Department on 17 January 2009. The Department communicated the decision only on 8 June 2009 after revising the licence fee at ₹ 1.80 lakh for the year 2009-10 from ₹ 1.50 lakh in 2008-09, and the firm deposited the amount on 12 June 2009. Due to non-renewal of the licence for the year 2009-10 in time, the production in the distillery remained suspended from 1 April 2009 to 11 June 2009, which resulted in a loss of revenue of at least ₹ 17.69 lakh (Bottling fee: ₹ 16.92 lakh + Warehousing fee: ₹ 0.77 lakh), as detailed in **Appendix - 4.1**.

We observed that the effect of revision of the annual licence fee charged on the firm was ₹ 30,000 only from ₹ 1.50 lakh charged in the previous year to ₹ 1.80 lakh in 2009-10 i.e. an increase of only ₹ 2,500 per month. But the delay in the renewal of the licence on the increased fee of ₹ 2,500 per month had resulted in an average monthly loss of revenue ranging between ₹ 7.47 lakh and ₹ 9.77 lakh (**Appendix - 4.1**).

<sup>3</sup> Validity of the licence for the year 2008-09 was to expire on 31 March 2009.

**(ii) Undue financial benefit to a firm by reducing licence fee**

Rule 256 A of the Tripura Excise (Amendment) Rules, 1991 provides that the Excise Commissioner, with the approval of the Government shall prescribe the annual licence fees from time to time payable for grant of licences in respect of (a) distillery, (b) bonded warehouse for country liquor, (c) bonded warehouse for foreign liquor and (d) compounding of foreign liquor, blending, bottling of foreign liquor and reduction of foreign liquor taken together or separately, taking into consideration the estimated annual production and or sale.

M/s Gemini Distilleries (Tripura) Private Ltd. (established in 1999-2000) paid bid money for blending, compounding and bottling of IMFL upto 2003-04 and thereafter licence fee at rates shown in **Appendix - 4.2 (A)**. During 2007-08, the Department approved (March 2007) licence fee of the firm at ₹ 13.16 lakh, against which 1<sup>st</sup> installment of ₹ 7.90 lakh was deposited (April 2007) by the firm. The licence fee of the firm for 2007-08 was subsequently reduced in July 2007 by the Department from the approved rate of ₹ 13.16 lakh to ₹ 1.50 lakh. The reasons for such drastic reduction were not found on record. There was no change of rate of licence fee in 2008-09 but in 2009-10 the licence fee was increased to ₹ 1.80 lakh.

Taking into account the system being followed by the Department in fixing the bid money/license fee of the retail vendors as well as the bonded warehouses (increasing by 20 *per cent* over the previous year's approved rate), the licence fee charged on the firm during 2008-09 and 2009-10 should have been fixed at ₹ 15.79 lakh<sup>4</sup> and ₹ 18.95 lakh<sup>5</sup> respectively. The reduction of licence fee without any recorded reason was tantamount to undue favour to the firm resulting in a loss of revenue of ₹ 40.16 lakh during 2007-08 to 2009-10 (from 2.7.2007 to 31.3.2010), as detailed in **Appendix - 4.2 (B)**.

The Superintendent of Excise stated (March 2010) that the matter would be brought to the notice of the higher authority. Further development was awaited (October 2010).

We reported the matter to the Government in June 2010; their reply had not been received (October 2010).

<sup>4</sup> By increasing 20 *per cent* of ₹ 13.16 lakh.

<sup>5</sup> By increasing 20 *per cent* of ₹ 15.79 lakh.

#### 4.4 Short levy of tax

**Erroneous computations and inadmissible allowances by the assessing authorities together with concealment of turnover by the dealers resulted in short levy of tax of ₹ 1.11 crore including penalty and interest.**

According to Section 25(3) of the Tripura Value Added Tax Act, 2004 read with Section 13 of the Tripura Sales Tax Act, 1976, if the commissioner is satisfied that the return furnished by a dealer in respect of any year is correct and complete he shall by order in writing assess the dealer. If the commissioner in the course of any proceedings is satisfied that any dealer has concealed particulars of his turnover he may direct that such dealer shall pay by way of penalty in addition to the tax payable by him, a sum not exceeding one and a half times that amount (but it shall not be less than 10 *per cent* of that amount).

On test check of records (November 2009 to March 2010) of seven Superintendent of Taxes<sup>6</sup> we noticed that in 86 assessment cases relating to 31 dealers for the period from 1995-96 to 2008-09, finalised between December 2005 and December 2009, there were cases of erroneous computation of sales / purchase / opening stock, inadmissible allowance of exemption, and concealment of turnovers by the dealers. This resulted in short levy of tax of ₹ 1.11 crore (Sales tax/VAT: ₹ 34.32 lakh, additional sales tax: ₹ 21.82 lakh, penalty: ₹ 15.32 lakh and interest: ₹ 39.70 lakh) as detailed in **Appendix - 4.3**.

The assessing authorities stated (November 2009 to March 2010) that the cases would be re-examined in the light of audit observations. Further development was awaited (October 2010).

We reported the matter to the Government in June 2010; their reply had not been received (October 2010).

<sup>6</sup> (1) Superintendent of Taxes, Charge-I, Agartala; (2) Superintendent of Taxes, Charge-II, Agartala; (3) Superintendent of Taxes, Charge-III, Agartala; (4) Superintendent of Taxes, Charge-IV Agartala; (5) Superintendent of Taxes, Charge-V, Agartala; (6) Superintendent of Taxes, Udaipur and (7) Superintendent of Taxes, Ambassa.



## REVENUE DEPARTMENT

### (Stamps and registration fees)

#### 4.5 Short levy of stamp duty and registration fees

**Under-valuation of land and buildings resulted in short levy of stamp duty and registration fees of ₹ 4.50 lakh.**

According to Indian Stamp Act, 1899, as applicable to Tripura, stamp duty at prescribed rates is leviable in respect of instruments of different descriptions except where it is remitted under any special provisions of the Act or specified notification issued by the Government in this behalf. Stamp duty leviable in respect of instruments of different descriptions was fixed with effect from 16 June 1992 vide Indian Stamp (Tripura Fourth Amendment) Act, 1991.

Fees payable for the registration of different documents were fixed by the Revenue Department vide notification dated 19 July 2003, in exercise of the powers conferred by Sections 78 and 79 of the Indian Registration Act, 1908.

On test check (January – February 2010) of records of the District Sub-Registrar, West Tripura, Agartala we noticed short levy of stamp duty and registration fees in the following cases:

(i) A document was registered in July 2007 for a plot of land at Ushabazar on the Airport Road under Singerbil Mouja measuring 0.40 acres (17,280 sq ft ) including a one storeyed factory shed building of 11,425 sq ft area with plant and machinery at ₹ 59 lakh. As per the departmental valuation of land (effective from January 2005), the rate in this case should have been at ₹ 40 lakh per *Kani* (a local unit, equals to 17,280 sq ft) and the value of the factory shed building of 11,425 sq ft area should have been at ₹ 48.78 lakh (@ ₹ 427 per sq ft as per the PWD rate). Thus, there was under-valuation of the land and the factory shed building by ₹ 29.78 lakh (₹ 88.78 lakh - ₹ 59.00 lakh). This resulted in short levy of stamp duty and registration fees<sup>7</sup> of ₹ 1.94 lakh (Stamp duty: ₹ 1.49 lakh+ Fees: ₹ 0.45 lakh).

(ii) A document was registered in March 2009 under Agartala Mouja for land measuring 0.036 acres (1,568.16 sq ft) and building measuring 11,490 sq ft (ground floor: 1,100 sq ft; 1<sup>st</sup> floor: 1,990 sq ft; 2<sup>nd</sup> floor: 2,800 sq ft; 3rd floor: 2,800 sq ft; and 4<sup>th</sup> floor: 2,800 sq ft) at a total value of ₹ 2.50 crore (land: ₹ 0.50 crore and building: ₹ 2.00 crore). But on a plot of land measuring 1,568.16 sq ft, construction of building area of 2,800 sq ft is not

<sup>7</sup> Stamp duty is leviable @ ₹ 50/- if the amount or value of consideration exceeds ₹ 900 but does not exceed ₹ 1000 and for every ₹ 500 or part thereof in excess of ₹ 1000 @ ₹ 25/-. Registration fees are leviable @ ₹ 18/- when the value expressed in the document exceeds ₹ 500 but does not exceed ₹ 1000 and for every additional ₹ 1000 or part thereof @ ₹ 15/-.

found to be feasible. Hence, there is concealment of actual area of land by at least 1,231.84 sq ft (2,800.00 – 1,568.16) valuing ₹ 39.28 lakh<sup>8</sup>. This resulted in short levy of stamp duty and registration fees of ₹ 2.56 lakh (Stamp duty: ₹ 1.96 lakh + Fees: ₹ 0.60 lakh).

Thus, under-valuation of land and buildings in case of three deeds registered between July 2007 and December 2009 resulted in short levy of stamp duty and registration fees of ₹ 4.50 lakh<sup>9</sup>.

We reported the matter to the Government in June 2010; their reply had not been received (October 2010).

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<sup>8</sup> Value of 1,568.16 sq ft is ₹ 50 lakh, therefore value of 1,231.84 sq ft is ₹ 39.28 lakh.

<sup>9</sup> ₹ 1.94 lakh + ₹ 2.56 lakh.

## CHAPTER V: GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

### 5.1 Overview of State Public Sector Undertakings

#### Introduction

**5.1.1** The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. The State PSUs registered a turnover of ₹ 288.48 crore as per their latest finalised accounts as of September 2010. This turnover was equal to 2.65 *per cent* of State Gross Domestic Product (GDP) for 2009-10. Thus, the State PSUs occupy an insignificant place in the State economy. Major activities of Tripura State PSUs were concentrated in power and agriculture sectors. The State PSUs incurred a loss of ₹ 1.97 crore in the aggregate for 2009-10 as per their latest finalised accounts. They had employed 8,314 employees as of 31 March 2010. The State PSUs do not include Departmental Undertakings (DUs), which carry out commercial operations but are a part of Government departments.

**5.1.2** As on 31 March 2010, there were fourteen PSUs as per the details given below. None of the companies were listed on the stock exchange.

Table No. 5.1.1

Type of PSUs	Working PSUs	Non-working PSUs <sup>2</sup>	Total
Government Companies <sup>3</sup>	12	1	13
Statutory Corporations	1	-	1
<b>Total</b>	<b>13</b>	<b>1</b>	<b>14</b>

**5.1.3** During the year 2009-10, one PSU *viz.* Tripura Tourism Development Corporation Limited was established under the Companies Act, 1956.

#### Audit Mandate

**5.1.4** Audit of Government companies is governed by Section 619 of the Companies Act, 1956. According to Section 617, a Government company is one in which not less than 51 *per cent* of the paid up capital is held by Government(s). A Government company includes a subsidiary of a Government company. Further, a company in which not less than 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and Corporations controlled by Government(s) is treated as if it were a Government company (deemed Government company) as *per* Section 619-B of the Companies Act.

<sup>1</sup> As per the details provided by 13 PSUs. Remaining one non-working PSUs did not furnish the details.

<sup>2</sup> Non-working PSUs are those which have ceased to carry on their operations.

<sup>3</sup> Includes two 619-B companies.

**5.1.5** The accounts of State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG as per the provisions of Section 619 (4) of the Companies Act, 1956.

**5.1.6** Audit of statutory corporations is governed by their respective legislations. CAG is the sole auditor of the only statutory corporation in the State viz. Tripura Road Transport Corporation.

#### **Investment in State PSUs**

**5.1.7** As on 31 March 2010, the investment (capital and long-term loans) in 14 PSUs was ₹ 633.61 crore as *per* details given below.

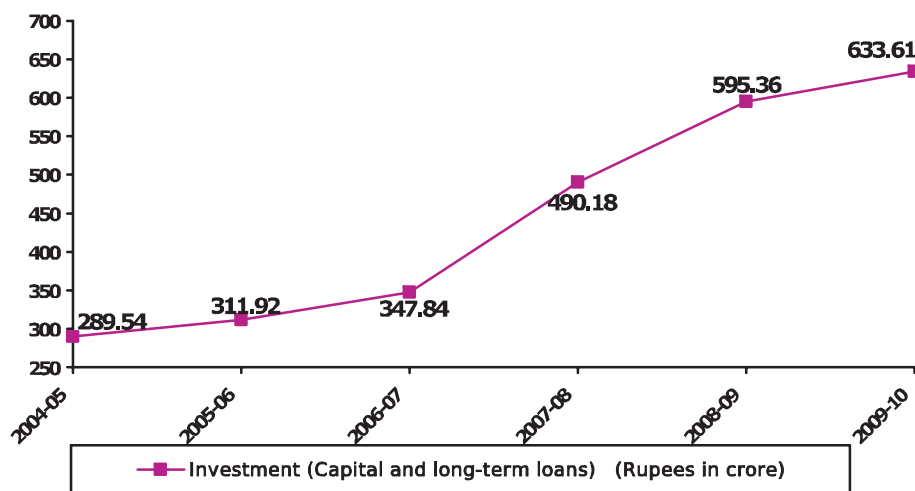
**Table No. 5.1.2**

*(Rupees in crore)*

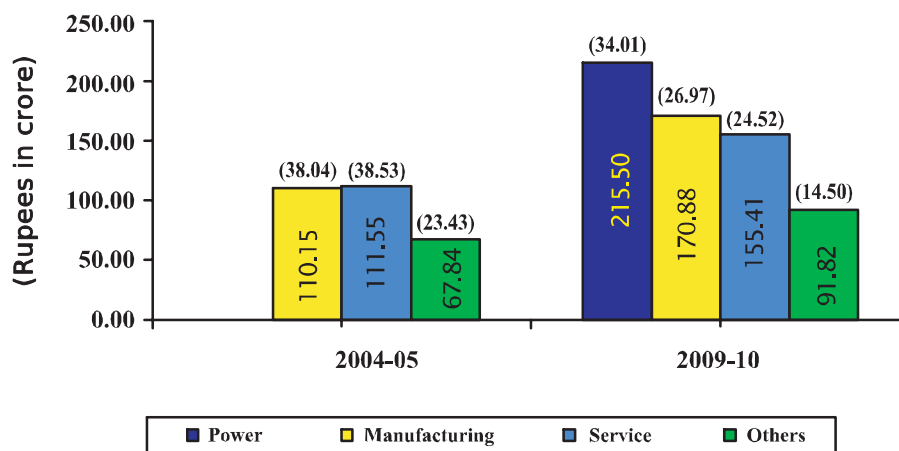
Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working PSUs	370.45	108.12	478.57	154.75	0.25	155.00	633.57
Non-working PSUs	0.04	-	0.04	-	-	-	0.04
<b>Total</b>	<b>370.49</b>	<b>108.12</b>	<b>478.61</b>	<b>154.75</b>	<b>0.25</b>	<b>155.00</b>	<b>633.61</b>

A summarised position of Government investment in State PSUs is detailed in **Appendix - 5.1**.

**5.1.8** As on 31 March 2010, of the total investment in State PSUs, 99.99 *per cent* was in working PSUs. This total investment consisted of 82.90 *per cent* towards capital and 17.10 *per cent* in long-term loans. The investment has grown by 118.83 *per cent* from ₹ 289.54 crore in 2004-05 to ₹ 633.61 crore in 2009-10 as shown in the graph below.



**5.1.9** The investment in various important sectors and percentage thereof at the end of 31 March 2005 and 31 March 2010 are indicated below in the bar chart.



(Figures in brackets show the percentage of total investment)

The thrust of investment in the power sector arose from transfer of the generation, transmission and distribution of electricity from the Power Department, Government of Tripura since January 2005 to a new company viz. Tripura State Electricity Corporation Limited, set up in June 2004. The other major sectors for investment were manufacturing and service.

#### **Budgetary outgo, grants/subsidies, guarantees and loans**

**5.1.10** The details regarding budgetary outgo towards equity, loans, grants/ subsidies, guarantees issued, loans written off, loans converted into equity and interest waived in respect of State PSUs are given in **Appendix - 5.2**. The summarised details are given below for three years ended 2009-10.

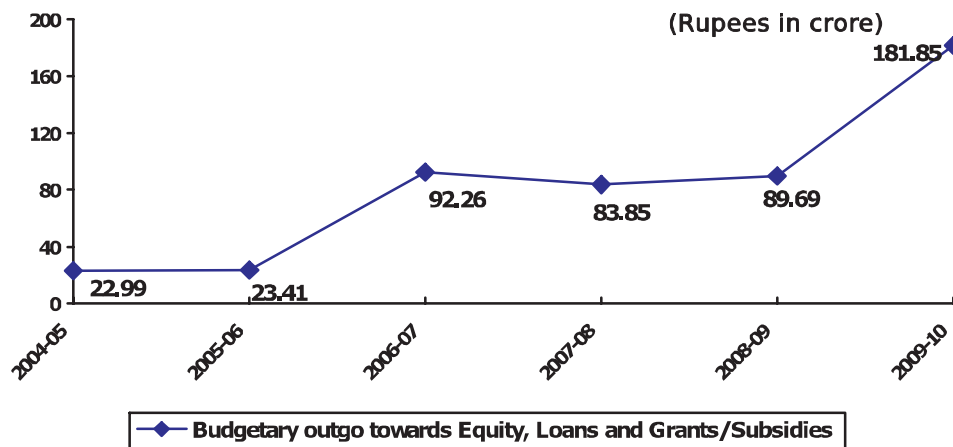
**Table No. 5.1.3**

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	7	29.07	7	31.13	8	25.79
2.	Loans given from budget	1	4.78	1	30.50	1	16.50
3.	Grants/Subsidy received <sup>4</sup>	1	50.00	3	28.06	4	139.56
4.	Total Outgo (1+2+3)	8 <sup>5</sup>	83.85	9 <sup>5</sup>	89.69	10 <sup>5</sup>	181.85

**5.1.11** The details regarding budgetary outgo towards equity, loans and grants/ subsidies for six years are given in a graph below.

<sup>4</sup> Amount represents outgo from State Budget only.

<sup>5</sup> The figure represents number of companies which have received outgo from budget under one or more heads i.e. equity, loans, grants/subsidies.



The increase in annual budgetary outgo during 2005-10 was mainly directed to the power sector. The State Government provides financial support, mainly to Tripura State Electricity Corporation Limited, Tripura Jute Mills Limited and Tripura Road Transport Corporation, to bridge the gap of income and expenditure of these PSUs. This indirectly becomes a subsidy support.

**5.1.12** Since May 2007, guarantee fee was fixed at one *per cent* for any fresh guarantee. No fresh guarantees were issued in the last three years.

#### Reconciliation with Finance Accounts

**5.1.13** The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2010 is stated below.

Table No. 5.1.4

(Rupees in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	722.62	517.24	205.38
Loans	33.50	107.51	(74.01)
Guarantees	2.68	-	2.68

**5.1.14** Audit observed that the differences occurred in respect of 10 PSUs and some of the differences were pending reconciliation since 1986-87. The matter was taken up, demi-officially with the Finance Secretary and copy to the concerned PSUs. The last occasion was in April 2009. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

#### Performance of PSUs

**5.1.15** The financial results of PSUs, financial position and working results of the Tripura Road Transport Corporation are detailed in **Appendices 5.3, 5.4 and 5.5**



respectively. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. Table below provides the details of working PSU turnover and State GDP for the period 2004-05 to 2009-10.

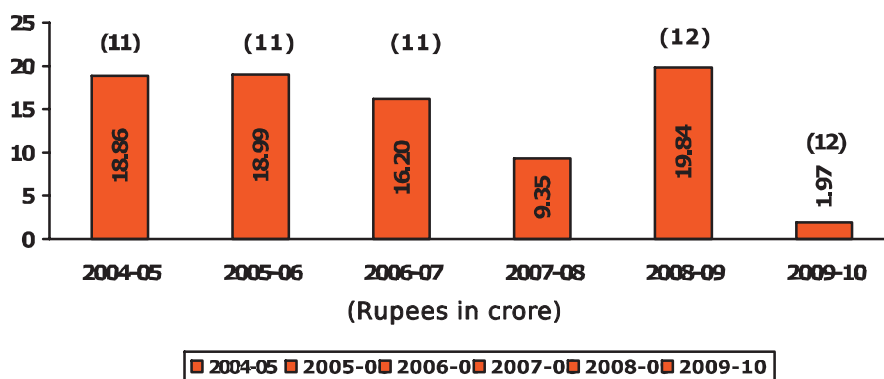
Table No. 5.1.5

(Rupees in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Turnover <sup>6</sup>	38.93	53.79	50.43	251.65	260.69	288.48
State GDP	6,639.24	7,296.61	7,888.98	8,521.68	10,008.26	10,905.00
Percentage of Turnover to State GDP	0.59	0.74	0.64	2.95	2.60	2.65

The increase in turnover from 2007-08 onwards was on account of inclusion of turnover of Tripura State Electricity Corporation Limited.

**5.1.16** Losses incurred by State working PSUs during 2004-05 to 2009-10 are given below in a bar chart.



(Figures in brackets show the number of working PSUs in respective years)

There was drastic reduction in loss in 2009-10 as seven<sup>7</sup> working PSUs out of 12, earned profit as per their latest finalised accounts. The major contributors to profit were Tripura Forest Development & Plantation Corporation Limited (₹ 14.97 crore) and Tripura State Electricity Corporation Limited (₹ 8.81 crore). The heavy losses were incurred by Tripura Road Transport Corporation (₹ 16.25 crore) and Tripura Jute Mills Limited (₹ 8.61 crore).

**5.1.17** The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of project, running their operations and monitoring. A review of latest Audit Reports of CAG shows that the State PSUs incurred losses to the tune of ₹ 118.20 crore and infructuous investment of ₹ 0.48 crore which were controllable with better management. Year-wise details from Audit Reports are stated below.

<sup>6</sup> Turnover as per the latest finalised accounts as of 30 September of respective years.

<sup>7</sup> Sl. Nos. A(1), A(3), A(5), A(6), A(9), A(10) & A(12) of Appendix - 5.3.

Table No. 5.1.6

(Rupees in crore)

Particulars	2007-08	2008-09	2009-10	Total
(Loss)	(9.35)	(19.84)	(1.97)	(31.16)
Controllable losses as per CAG's Audit Report	66.70	2.76	48.74	118.20
Infructuous Investment	0.48	-	-	0.48

**5.1.18** The above losses pointed out by Audit Reports of CAG are based on test check of records of PSUs. The actual controllable losses would be much more. The above table shows that with better management, the losses can be eliminated. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

**5.1.19** Some other key parameters pertaining to State PSUs are given below.

Table No. 5.1.7

(Rupees in crore)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Return on Capital Employed ( <i>Per cent</i> )	NEGATIVE IN ALL YEARS					0.59
Debt	9.85	8.81	8.50	23.74	98.29	108.37
Turnover <sup>8</sup>	38.93	53.79	50.43	251.65	260.69	288.48
Debt/ Turnover Ratio	0.25	0.16	0.17	0.09	0.38	0.38
Interest Payments <sup>8</sup>	8.13	5.68	5.69	6.31	5.89	7.27
Accumulated losses <sup>8</sup>	176.38	196.39	197.98	210.18	243.74	303.21

(Above figures pertain to all PSUs except for turnover which is for working PSUs)

**5.1.20** Debt had increased in the past three years on account of loans of Tripura State Electricity Corporation Limited.

**5.1.21** The State Government had not yet formulated a dividend policy. As per their latest finalised accounts, seven PSUs earned an aggregate profit of ₹ 26.80 crore, of which two PSUs (TIDC & TFDPC) declared a total dividend of ₹ 54.18 lakh<sup>9</sup>.

#### *Arrears in finalisation of accounts*

**5.1.22** The accounts of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956. Similarly, in case of Statutory corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

The table below provides the details of progress made by working PSUs in finalisation of accounts by September 2010.

<sup>8</sup> Turnover of working PSUs and interest as well as accumulated losses as *per* the latest finalised accounts as of 30 September.

<sup>9</sup> TIDC – ₹ 12.19 lakh (2004-05) and ₹ 14.39 lakh (2008-09), TFDPC – ₹ 27.60 (2005-06).

**Table No. 5.1.8**

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Number of working PSUs	12	12	12	12	13
2.	Number of accounts finalised during the year by the Managements	7	5	6	24	38
3.	Number of accounts in arrears	73	80	86	74	49
4.	Average arrears per PSU (3/1)	6.08	6.67	7.17	6.17	3.77
5.	Number of Working PSUs with arrears in accounts	12	12	12	12	13
6.	Extent of arrears	1 to 12 years	1 to 13 years	2 to 14 years	2 to 15 years	1 to 9 years

**5.1.23** The finalisation of accounts showed remarkable improvement in 2009-10. The reasons for arrears in accounts were lack of skilled personnel in PSUs as well as delays in preparation of accounts.

**5.1.24** The only non-working PSU is under liquidation process since 1971.

**5.1.25** The State Government had invested ₹ 490.94 crore (Equity: ₹ 187.79 crore, loans: ₹ 55.13 crore, grants: ₹ 207.08 crore and others: ₹ 40.94 crore) in 13 PSUs during the years for which accounts have not been finalised as detailed in **Appendix - 5.6**. In the absence of accounts and their subsequent audit, it can not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved or not and thus Government's investment in such PSUs remain outside the scrutiny of the State Legislature. Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956.

**5.1.26** The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period. Though the concerned administrative departments and officials of the Government were informed of the arrears in finalisation of accounts by Audit every quarter, remedial measures were taken belatedly. As a result of this, the net worth of these PSUs could not be assessed in audit. The matter of arrears in accounts was also taken up from time to time with the State Government. In the light of relaxed norms of CAG for expeditious clearance of the backlog in arrears, all PSUs had been categorically instructed by the State Government to show results in overcoming arrears in accounts. Though overall response of the State Government and some PSUs have been very good, four<sup>10</sup> PSUs did not submit their accounts in the whole year.

**5.1.27** In view of above state of arrears, it is recommended that:

- **The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies which would be monitored by the cell.**

<sup>10</sup> Sl. Nos. A(2), A(9), A(10) & A(12) of **Appendix - 5.3**.

- The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.

#### *Winding up of non-working PSUs*

**5.1.28** There was one non-working Company viz. Tripura State Bank Limited, as on 31 March 2010, which had been non-functional for around 40 years. It was in the process of liquidation under Section 560 of the Companies Act, 1956. The non-working PSU is required to be closed down since its existence is not going to serve any purpose. The Company continues to await liquidation for almost four decades. The Government may expedite winding up of the Company.

#### *Accounts Comments and Internal Audit*

**5.1.29** Seven working companies forwarded their audited 35 accounts to AG during the year 2009-10. Of these, 28 accounts of seven companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given below.

**Table No. 5.1.9**

*(Rupees in crore)*

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Increase in profit	1	0.11	1	0.02	7	0.29
2.	Decrease in loss	1	-	5	1.71	11	0.42
3.	Decrease in profit	1	0.02	1	0.01	9	11.94
4.	Increase in loss	1	2.94	8	9.73	9	8.79
5.	Non-disclosure of material facts	1	5.96	5	12.17	4	3.91
6.	Errors of classification	4	2.35	9	17.06	11	34.41

**5.1.30** During the year, the statutory auditors had given qualified certificates on all the accounts received upto September 2010. The compliance of companies with the Accounting Standards (AS) remained poor as there were 43 instances of non-compliance in 27 accounts during the year. This non-compliance related to AS-1 (Disclosure of Accounting Policies), AS-2 (Valuation of Inventories), AS-3 (Cash Flow Statement), AS-4 (Contingencies and Events occurring after the Balance Sheet date), AS-9 (Revenue Recognition), AS-10 (Accounting for Fixed Assets), AS-15 (Employee benefits) and AS-22 (Accounting for taxes on income).

**5.1.31** Some of the important comments in respect of accounts of companies audited during October 2009 to September 2010 are stated below.

#### *Tripura Rehabilitation Plantation Corporation Limited (2007-08)*

- The Company did not account for dividend earned of ₹ 11.08 lakh resulting in understatement of profit by the same amount.

- Closing stock included rubber sheets and scrape destroyed by fire or stolen leading to over valuation of stock by ₹ 12.62 lakh.

***Tripura Forest Development Plantation Corporation Limited (2003-04)***

- Non-provisioning of liabilities towards retirement benefits as per AS-15 resulted in overstatement of profit by ₹ 2.77 crore.
- Non-accounting of Board's decision to write off plantations damaged by fire resulted in overstatement of Fixed Assets by ₹ 14.81 lakh.

***Tripura Industrial Development Corporation Limited (2007-08)***

- The Company accounted an amount of ₹ 1.21 crore as its own income in contravention of a Government decision to transfer that amount to Corpus Fund for capital expenditure resulting in understatement of Accumulated loss by the same amount.

***Tripura Jute Mills Limited (2007-08)***

- Goods damaged in transit were not accounted for resulting in understatement of loss by ₹ 40.37 lakh.

**5.1.32** The only working Statutory corporation had forwarded three accounts to AG during the year 2009-10. All the accounts were audited, replies of the Management were awaited (October 2010). The details of aggregate money value of comments of CAG in previous years are given below.

**Table No. 5.1.10**

*(Rupees in crore)*

Sl. No.	Particulars	2007-08		2008-09		2009-10	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	-	-	-	-	-	-
2.	Increase in loss	1	1.95	-	-	-	-
3.	Non-disclosure of material facts	1	0.02	-	-	-	-
4.	Errors of classification	1	0.41	-	-	-	-

**5.1.33** The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including internal control/ internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3)(a) of the Companies Act, 1956 and to identify areas which needed improvement. Supplementary reports were received on 12 accounts in 2008-09 and fifteen accounts in 2009-10. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/ internal control system in respect of four companies<sup>11</sup> for the year 2009-10 are given in Table No. 5.1.11.

<sup>11</sup> Sl. No. A(1), A(3), A(4), & A(7) in **Appendix - 5.3.**

Table No. 5.1.11

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies where recommendations were made	Reference to serial number of the companies as per Appendix - 5.2
1.	Non-fixation of minimum/ maximum limits of store and spares	Four	A(1), A(3), A(4), A(7)
2.	Absence of internal audit system commensurate with the nature and size of business of the company	Two	A(4), A(7)
3.	Non maintenance of cost record	Three	A(1), A(3), A(7)
4.	Non maintenance of proper records showing full particulars including quantitative details, situations, identity number, date of acquisitions, depreciated value of fixed assets and their locations	Four	A(1), A(3), A(4), A(7)

#### *Recoveries at the instance of audit*

**5.1.34** During the course of propriety audit in 2009-10, recoveries of ₹ 0.20 lakh were pointed out to the Management of a PSU (Tripura Rehabilitation Plantation Corporation Limited), of which ₹ 0.12 lakh was admitted by the Management and got recovered.

#### *Status of placement of Separate Audit Reports*

**5.1.35** Separate Audit Reports (SARs) issued by the CAG on the accounts of Tripura Road Transport Corporation was placed in the Legislature by the Government upto 2002-03.

The SAR for the year 2002-03 was issued in February 2008 and was placed in the Assembly in July 2009 after a delay of 17 months. The Government should ensure prompt placement of SARs in the Legislature.

#### *Disinvestment, Privatisation and Restructuring of PSUs*

**5.1.36** No disinvestment, privatisation or restructuring of PSU occurred during 2009-10.

#### *Reforms in Power Sector*

**5.1.37** The State has the Tripura Electricity Regulatory Commission (TERC) formed in November 2003 and operational since May 2004 under the Electricity Act, 2003 with the objective of rationalisation of electricity tariff, advising in matters relating to electricity generation, transmission and distribution in the State and issue of licenses. TERC did not issue tariff order in 2009-10 due to non-receipt of tariff petitions, annual revenue requirements and audited annual accounts from the sole licensee *i.e.* Tripura State Electricity Corporation Limited.

**5.1.38** Memorandum of Understanding (MoU) was signed in August 2003 between the Union Ministry of Power and the State Government as a joint commitment for implementation of reforms programme in power sector with identified milestones. The progress achieved so far in respect of important milestones is stated below.



**Table No. 5.1.12**

Sl. No.	Milestone	Achievement as at March 2010
1.	Installation of meters on 11 KV feeders by 31 December 2003.	100 <i>per cent</i>
2.	100 <i>per cent</i> metering of all consumers by 31 December 2003.	Commercial consumers - 100 <i>per cent</i> Urban/ semi-urban - 100 <i>per cent</i> Individual consumers - 90.21 <i>per cent</i> Rural consumers - 78.65 <i>per cent</i>
3.	100 <i>per cent</i> metering on the LT side of distribution transformers.	34.51 <i>per cent</i> (2,730 out of 7,910 distribution transformers)
4.	Development of Distribution Management Information System.	Computerized Energy Billing System (EBS) implemented in Electrical Sub divisions.

**Source :** Information furnished by TSECL.

While significant progress had been achieved, the impact on Tripura State Electricity Corporation Limited was yet to be quantified and duly verified in absence of current accounts.

## SECTION - A

## 5.2 Performance Audit of the Power Generating stations – Tripura State Electricity Corporation Limited

### Executive Summary

*Power is an essential requirement for all facets of life and has been recognised as a basic human need. In Tripura, generation, transmission, distribution and trading activity has not been unbundled. These activities are carried out by Tripura State Electricity Corporation Limited (Company), which was incorporated on 9 June 2004 under the Companies Act 1956. The Management of the Company is vested with a Board of Directors comprising five members, all appointed by the State Government.*

*The Company operates two gas thermal power stations (GTPS) at Baramura and Rokhia and a hydro power generating station at Gumti. As on 31 March 2010, the total installed power generation capacity was 110 Megawatt (MW) against the peak demand of 187 MW, while effective capacity was 74 MW leaving a deficit of 113 MW. In 2009-10, electricity requirement in Tripura was assessed as 818.74 million units (MU) against which 567.98 MU were available. During review period (2005-2010), there was growth in demand of 162.60 MU, whereas net capacity addition was only five MW or 43.80 MU.*

#### Finances and Performance

*The Company had prepared accounts up to 2005-06. Thereafter, the accounts have not been compiled. Based on*

*estimates, the Company's aggregate profit for the past five years was ₹131.32 crore after accounting for subsidy of ₹144.56 crore.*

*The Company had earned aggregate profit of ₹320.87 crore from power trading. There was, however, no documented policy for trading of power with regard to either quantum or floor prices. Consequently, the realisation between August 2008 and March 2010 were below the monthly weighted average market prices, with the resultant shortfall of ₹11.55 crore.*

#### Planning and Project Management

*With the view to provide 1,000 units of electricity per capita by 2012, the Company would require 4,755 MU. Even if the existing capacity and all projects under implementation were to come up on schedule, the availability of power in 2014 would work out to only 695 units per capita.*

*Total Central sector allocation ranged from 99.37 MW to 132.22 MW during 2005-2010. Yet, there was shortfall of 36 to 54 MW that was about 22.22 per cent to 28.88 per cent of the peak demand, due to trading of electricity and transmission constraints. During 2005-2010, the Company had traded 1,838.02 MU of power i.e. 71 per cent of Central sector purchases.*

*Construction of two 21 MW gas turbine units was not completed on time due to slippages arising from delays in obtaining sanctions, release of advances, obtaining quotations, placement of orders, despatch of materials, receipt of design/ drawings for civil works, transportation bottlenecks etc. These led to increase in cost by ₹23.79 crore.*

#### **Operational Performance – Input Efficiency**

*Despite short receipt of 89.84 MMSCM of gas, both gas turbine stations achieved the generation targets fixed by Central Electricity Authority in three out of five years.*

*Due to short supply of gas and failure to tie up gas supply in time, the Company sustained loss of generation of 48.34 MU. Further, short-drawal of 31.02 MMSCM of gas led to payment of ₹8.81 crore. Also monopolistic arrangements for supply of gas led to additional cost of ₹4.12 crore as gas prices were pegged to a lower calorific value of gas.*

*Lower calorific value of gas and higher average heat rate resulted in excess consumption of gas to the tune of 187.94 MMSCM valued ₹41.80 crore during the review period.*

*During 2005-10, although the actual manpower of the generation wing dipped from 308 to 259, it was in excess of Central Electricity Authority's norm.*

#### **Operational Performance – Output Efficiency**

*Actual generation was in excess of CEA's targets in three out of five years.*

*The aggregate generation for these five years was in excess of cumulative targets by 226.21 MU.*

*The PLF of both GTPS exceeded the national average in all five years. At Gumti, however, it was above the national average in three of five years.*

*Plant availability improved over the review period from 69.02 per cent to 90.15 per cent. The total hours forgone against planned and forced outages had also reduced. However, in the same period capacity utilisation declined from 89.48 per cent to 73.17 per cent. This was caused by operating units on partial load/ without load, reduced capacity of machines, non-operation of units and reduction in capacity of reservoir.*

*Auxiliary consumption was in excess of norms in all five years.*

#### **Repairs and Maintenance**

*Scheduled maintenance of units was undertaken or yet to be taken up after delays of five to ninety months. This delay and excessive time taken on repairs led to loss of generation.*

#### **Renovation and Modernisation**

*Advance planning for renovation of existing units at Rokhia was either not taken up or proposal not followed through. Renovation of two units at Gumti took almost two to two and a half years due to delays in preparation of estimates, obtaining sanctions and commencement of work.*

#### **Tariff fixation**

*There were delays of 98 and 245 days in filing petitions for revision of tariff for 2005-06 and 2006-07 causing delays of*

*three months in implementation of revised tariffs. Moreover, delays in compilation of accounts had led to non-revision of tariffs since 2007-08.*

#### ***Subsidy claims from State Government***

*Against overall subsidy commitment of ₹158.70 crore for 2005-2010, the State Government released ₹144.56 crore.*

#### ***Environment issues and Energy conservation***

*Online monitoring equipment to measure emissions into the atmosphere at both GTPS had not been installed. Further, energy conservation through waste heat recovery plants was not implemented. None of the units commissioned after January 2000 had been registered under the Clean Development Mechanism. As a result, benefit of carbon credits could not be availed.*

#### ***Monitoring & MIS***

*Estimates of some operational and financial parameters had been prepared*

*without setting performance parameters. Management Information Systems had neither been prescribed nor performance reviewed by the top management.*

#### ***Conclusion and Recommendations***

*The goal of per capita availability of 1,000 units by 2012 laid down in the NEP would not be achieved. Fresh power purchase agreements were signed without any cost benefit analysis. Existing generation capacity was not fully utilised. Manpower required rationalisation.*

*There were 10 recommendations including need to ensure energy availability in line with NEP, pulling up arrears in accounts and ensure timely revision of tariff annually in line with tariff regulations.*

### ***Introduction***

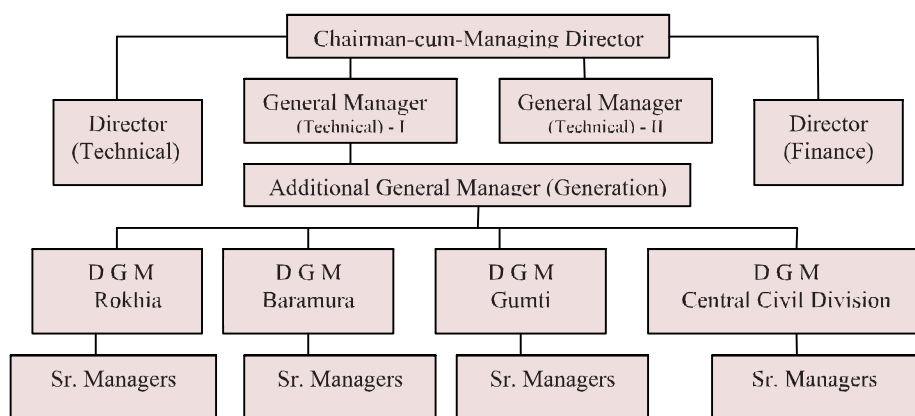
**5.2.1** Power is an essential requirement for all facets of life and has been recognised as a basic human need. The availability of reliable and quality power at competitive rates is very crucial to sustain growth of all sectors of the economy. The Electricity Act 2003 provides a framework conducive to development of the Power Sector, promote transparency and competition and protect the interest of the consumers. In compliance with Section 3 of the *ibid* Act, the Government of India (GOI) prepared the National Electricity Policy (NEP) in February 2005 in consultation with the State Governments and Central Electricity Authority (CEA) for development of the Power Sector based on optimal utilisation of resources like coal, gas, nuclear material, hydro and renewable sources of energy. The Policy aims at, *inter alia*, laying guidelines for accelerated development of the Power Sector. It also requires CEA to frame National Electricity Plan once in five years. The Plan would be short term framework of five years and give a 15 years' perspective.

**5.2.2** During 2005-06, electricity requirement in Tripura was assessed as 656.14 Million Units (MU) of which only 487.94 MU were available in the State sector leaving a shortfall of 168.20 MU, which works out to 25.63 per cent of the

requirement. As on 1 April 2005, the total installed power generation capacity in the State sector was 105 Mega Watt (MW) and effective available capacity was 70 MW against the peak demand of 156.10 MW leaving deficit of 86.10 MW. As on 31 March 2010, the comparative figures of requirement and availability of electricity were 818.74 MU and 567.98 MU with deficit of 250.76 MU (30.63 *per cent*), while installed capacity was 110 MW and effective available capacity was 74 MW. At the same time, peak demand was 187.00 MW leading to deficit of 113 MW. Thus, there was a growth in energy demand by 162.60 MU and load demand by 30.90 MW during review period, whereas the net capacity addition was only 43.80 MU i.e. 5 MW.

**5.2.3** In Tripura, besides generation of electricity, its transmission, distribution and trading are also carried out by Tripura State Electricity Corporation Limited (Company), which was incorporated on 9 June 2004 under the Companies Act 1956. The Company is under the administrative control of the Power Department of the Government of Tripura. The Management of the Company is vested with a Board of Directors comprising five members, all appointed by the State Government. The day-to-day operations are carried out by the Chairman-cum-Managing Director, who is the Chief Executive of the Company with the assistance of the Director (Technical), Director (Finance) and two General Managers (Technical).

The organisational structure (generation) is depicted in the chart below:



**5.2.4** As on 31 March 2010, the Company has two gas thermal power stations (GTPS) at Baramura and Rokhia and also a hydro power generating station at Gumti with installed capacities of 21 MW, 74 MW and 15 MW respectively.

The turnover of the Company was ₹ 241.58 crore (estimated in audit) in 2009-2010, which was equal to 83.74 *per cent* and 2.22 *per cent* of the State PSUs turnover and State Gross Domestic Product for 2009-10 respectively. It employed 4,465 employees as on 31 March 2010.

A review on the working of both gas thermal power stations of the Company was included in the Report of the Comptroller and Auditor General of India for the year

2006-07, Government of Tripura. The Report is yet to be discussed by COPU (September 2010).

### **Scope and Methodology of Audit**

**5.2.5** The present review conducted during February 2010 to July 2010 covers the performance of the generation activities of Tripura State Electricity Corporation Limited for the period of 2005-06 to 2009-10. The review mainly deals with planning, project management, financial management, operational performance, environmental issues and monitoring by the top management. The audit examination involved scrutiny of records at the Head Office, both the gas thermal power stations at Rokhia and Baramura and hydroelectric power station at Gumti.

The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining audit objectives to top management, scrutiny of records at Head Office and selected units, interaction with the auditee personnel, analysis of data with reference to audit criteria, raising of audit queries, discussion of audit findings with the Company and issue of draft report to the Company for comments.

### **Audit Objectives**

**5.2.6** The objectives of the performance audit were to assess:

#### **Planning and Project Management**

- To assess whether capacity addition programme taken up/ to be taken up to meet the shortage of power in the State is in line with the National Policy of Power for All by 2012;
- To assess whether a plan of action is in place for optimisation of generation from the existing capacity;
- To ascertain whether the contracts were awarded with due regard to economy and in transparent manner; and
- To ascertain whether the execution of projects were managed economically, effectively and efficiently.

#### **Financial Management**

- To ascertain whether the projections for funding the new projects and upgradation of existing generating units were realistic including the identification and optimal utilisation for intended purpose; and
- To assess whether all subsidy claims were properly raised and recovered in an efficient manner.

#### **Operational Performance**

- To assess whether the power plants were operated efficiently and preventive maintenance as prescribed was carried out minimising the forced outages;
- To assess whether requirements of gas were worked out realistically and utilised efficiently;



- To assess whether the manpower requirement was realistic and its utilisation optimal;
- To assess whether the life extension/ renovation and modernisation (LE/ R&M) programme were ascertained and carried out in an economic, effective and efficient manner; and
- To assess the impact of LE/ R&M activity on the operations performance of the generating plants.

#### Environmental Issues

- To assess whether the various types of pollutants (air, water, noise, hazardous waste) in power stations were within the prescribed norms and complied with the required statutory requirements; and
- To assess the adequacy of waste heat management system and its implementation.

#### Monitoring and Evaluation

- To ascertain whether adequate MIS existed in the entity to monitor and assess the impact and utilise the feedback for preparation of future schemes.

#### Audit Criteria

**5.2.7** The audit criteria adopted for assessing the achievement of the audit objectives were:

- National Electricity Plan, norms/ guidelines of Central Electricity Authority (CEA) regarding planning and implementation of the projects;
- standard procedures for award of contract with reference to principles of economy, efficiency and effectiveness;
- targets fixed for generation of power ;
- parameters fixed for plant availability, Plant Load Factor (PLF) etc;
- comparison with best performers in the regions/all India averages;
- prescribed norms for planned outages; and
- Acts relating to Environmental laws.

#### Financial Position and Working Results

**5.2.8** The Company had prepared accounts up to 2005-06. Thereafter, no annual accounts have been compiled. As the Company has not unbundled its generation, transmission, distribution and trading activities, a consolidated financial position for 2005-06 and estimated figures for 2006-07 to 2009-10 are shown as under.

<i>(Rupees in crore)</i>					
Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
<b>A. Liabilities</b>					
Paid up Capital	9.55	9.55	109.30	109.30	109.30
Reserve and Surplus (including Capital Grants)	664.32	691.65	842.54	989.85	1,098.07
<b>Borrowings (Loan Funds)</b>					
Secured	Nil	Nil	Nil	Nil	Nil

<i>(Rupees in crore)</i>					
Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Unsecured	104.66	130.35	56.60	87.10	106.21
Current Liabilities and Provisions	64.44	68.39	69.07	57.98	60.30
<b>Total</b>	<b>842.97</b>	<b>899.94</b>	<b>1,077.51</b>	<b>1,244.23</b>	<b>1,373.88</b>
<b>B. Assets</b>					
Gross Block	621.55	741.76	782.16	940.54	980.10
Less: Depreciation	25.55	53.05	82.05	113.37	146.05
Net Fixed Assets	596.00	688.71	700.11	827.17	834.05
Capital works-in-progress	99.87	83.13	73.86	112.92	100.00
Investments	Nil	Nil	Nil	Nil	Nil
Current Assets, Loans and Advances	146.33	127.41	302.92	303.58	439.34
Accumulated losses	Nil	Nil	Nil	Nil	Nil
Miscellaneous Expenditure	0.77	0.69	0.62	0.56	0.49
<b>Total</b>	<b>842.97</b>	<b>899.94</b>	<b>1,077.51</b>	<b>1,244.23</b>	<b>1,373.88</b>

*(Figures for 2006-07 to 2009-10 are estimated and have been compiled by Audit from Annual Plans, information furnished to XIII<sup>th</sup> Finance Commission, reconciliations for purchase and sales of energy, gas supply bills booked, cumulative receipt and payments of DGM(C&SO). These may undergo change on finalisation of accounts by the Company.)*

**5.2.9** An analysis of the above table showed that in the past five years, the main sources of finance were issue of share capital, interest-free unsecured loans from State Government and capital grants through the State Government. In addition, aggregate profits earned were ₹ 131.32 crore. The Company has been dependent on State Government assistance for its capital expenditure. Main reasons for dependence on government support were short recovery of subsidy, locking up of funds in capital projects and capital expenditure without adequate returns.

**5.2.10** During 2005-2010, the Company has traded 1,838.02 MU of electricity for ₹ 760.43 crore primarily through bilateral agreements and power exchanges, and incurred expenditure of ₹ 439.56 crore thereon, to earn profit of ₹ 320.87 crore. Despite revenue from trading constituting 56.62 per cent of aggregate revenues, the Company did not have any documented policy for sale of power through trading with regard to quantum to be traded or the specified floor prices at which power should be traded. A comparison of the Company's average monthly realisation per unit through bilateral trading and energy exchanges during August 2008 to March 2010 *vis-à-vis* monthly weighted average market prices, showed that in eight months, the revenue realised through bilateral trading was below the prevailing market prices aggregating to ₹ 18.72 crore while in eleven months it was above by ₹ 9.70 crore. Similarly, revenue realised through Indian Electricity Exchange (IEX) was below the prevailing market price in eleven months and above in nine months by ₹ 4.33 crore and ₹ 1.80 crore respectively. The aggregate impact of this was shortfall in potential revenue of ₹ 11.55 crore. This indicated that the Company was not fully geared to collate and effectively utilise market intelligence.

The Company stated (September 2010) that at present, surplus power, though not much, was being traded and sold to outside States through traders and power

exchange as permitted by the existing regulations of CERC. With the proposed availability of 350 MW power by 2013-14 from the Central Sector allocation, the Company would think of trading sizeable quantity of surplus power through open bidding. The minimum floor price being the capacity charge plus the energy charges, the price of the amount of power traded for will have to be more than this floor price.

We, however, observed that in the past five years, out of 2,589.95 MU purchased from the Central sector, the Company traded 1,838.02 MU (70.97 *per cent*). Further, in the same period, total energy made available in the State was 3,266.80 MU. As this was significant share, the Company ought to have formulated a policy for trading.

**5.2.11** The Company had not re-organised its major activities of generation, transmission, distribution and trading into profit centres. Thus, actual profitability of each of these activities could not be assessed. The Company stated (September 2010) that segregated accounting system to determine the cost, revenue, assets and liabilities allocable to different activities would be examined by the Company. At the exit conference, the Government accepted the need to conduct a detailed study on unbundling of the generation, transmission, distribution and trading activities.

### Audit Findings

**5.2.12** Audit explained the audit objectives to the State Government and Tripura State Electricity Corporation Limited during an 'entry conference' held on 10 February 2010. Subsequently, audit findings were reported to the State Government and the Company in August 2010 and discussed in an 'exit conference' held on 30 September 2010, which was attended by the Secretary to the Government of Tripura, Power Department and the Chairman- cum- Managing Director of the Company. The Government/Company also replied to audit findings in September 2010. The views expressed by them have been considered while finalising this review. The audit findings are discussed below:

### Operational Performance

**5.2.13** The operational performance of the Company for the five years ending 2009-10 is given in the **Appendix - 5.7**. The operational performance of the Company was evaluated on various operational parameters as described below. It was also seen whether the Company was able to maintain pace in terms of capacity addition with the growing demand for power in the State. Audit findings in this regard are discussed in the subsequent paragraphs. These audit findings show that there was scope for improvement in performance despite problems such as purchase of fuel at higher cost from monopolistic suppliers, geographic isolation of Tripura, transportation bottlenecks, hilly terrain and absence of major industries/ industrial centres which can consume power during off-peak.

## Planning

**5.2.14** National Electricity Policy (NEP) aims to provide availability of over 1,000 units of per capita electricity by 2012. In line with NEP, if 1,000 units of per capita electricity are to be made available by 2012, for a population of 36.37 lakh by 2011-12, keeping in view the existing transmission and distribution (T&D) losses of 23.5 *per cent* and system load factor of 49.8 *per cent*, the energy requirement, average load and peak load would work out to 4,755 MU, 541 MW and 1,087 MW respectively.

However, the Company stated (September 2010) that since the present per capita consumption is of the order of 130/135 units, it would not be possible to achieve consumption of 1000 units per capita by 2012 as laid out in NEP. It was further stated that the available capacity including State Sector and Central Sector in 2012 would be 390 MW (470 units per capita) which would reach 592 MW in 2014 (695 units per capita).

The power availability scenario in the State indicating own generation, peak demand, average demand and off-peak demand was as under:

Year	Mean Generation <sup>12</sup> (MW)	Peak Demand (MW)	Average Demand (MW)	Off peak demand (MW)	Percentage of actual generation to Peak Demand	Percentage of actual generation to Average Demand	Percentage of Off-peak to Peak Demand
2005-06	65.44	156.10	125.55	95.00	41.92	52.12	60.86
2006-07	61.92	155.00	122.50	90.00	39.95	50.55	58.06
2007-08	70.61	160.00	125.00	90.00	44.13	56.49	56.25
2008-09	75.19	162.00	130.00	98.00	46.41	57.84	60.49
2009-10	75.15	187.00	153.50	120.00	40.19	48.96	64.17

*Peak hours-17:00 hours to 23:00 hours (six hours); off peak hours-00:00 hours to 17:00 hours and 23:00 hours to 24:00 hours (eighteen hours).*

As may be seen from the above, the actual generation was only 48.96 to 57.84 *per cent* of the average demand and 39.95 to 46.41 *per cent* of the peak demand. However, even after import, there was shortfall of 36 to 54 MW (22.22 *per cent* to 28.88 *per cent* of the peak demand), as shown in the following table :

Year	Peak Demand (MW)	Peak Demand met (MW)	Sources of meeting peak demand (MW)		Peak Deficit (MW) (Percentage of Peak Demand)
			Own <sup>13</sup>	Import	
2005-06	156.10	114.50	64.00	50.50	41.60 (26.65)
2006-07	155.00	119.00	74.00	45.00	36.00 (23.22)
2007-08	160.00	124.00	79.00	45.00	36.00 (22.50)
2008-09	162.00	126.00	81.00	45.00	36.00 (22.22)
2009-10	187.00	133.00	83.00	50.00	54.00 (28.88)

<sup>12</sup> Worked out in audit based on the installed capacity and PLF of the respective units in each year.

<sup>13</sup> The figures here will not tally with mean generation figures mentioned in the table above since the above table depicts mean generation while the table here depicts generation during peak demand.

To minimise the gap between supply and demand, National Productivity Council (NPC) had identified (2008-09) that potential energy demand can be reduced by 52.04 MU annually. To flatten the demand curve and reduce the gap between peak and off-peak demand, the Company had introduced from 2005-06, time of the day (TOD) tariff for industrial, commercial and bulk consumers with demand of one MegaVoltAmpere or more. However, given the consumer profile (domestic : 54 *per cent*), the Company had not explored the possibility of introducing TOD tariff for domestic consumers also.

The Company stated (September 2010) that TOD metering was optional and it was neither feasible nor possible to go for TOD metering of four lakh domestic consumers. Moreover, power was sold to outside States during off-peak hours to reduce the gap between peak and off peak requirement of generation.

However, Tripura Electricity Regulatory Commission (TERC) had already advised (June 2005/ September 2006) that the difference between power demand during peak periods and off-peak periods would have to be reduced through demand-side management.

At the exit conference, the Government agreed with the need to take measures for energy savings to reduce peak demand.

**5.2.15** The Company informed (September 2010) that sale of power during peak hours out of allocation from central sector was due to the transmission constraints and not by compulsion. The entire allocation from the central sector could not be imported to Tripura due to limitations in the capacity of transformer and transmission line connecting Kopili to Khandong.

We, however, observed that Tripura was connected with the North Eastern Regional grid and central sector generating stations through four 132 KV transmission lines each capable of carrying 50-60 MW i.e., total of 200 to 240 MW. Nevertheless, the Company imported about 50 MW through the existing network, leaving a shortfall of 54 MW leading to rotational load shedding of at least one and a half hours during peak hours.

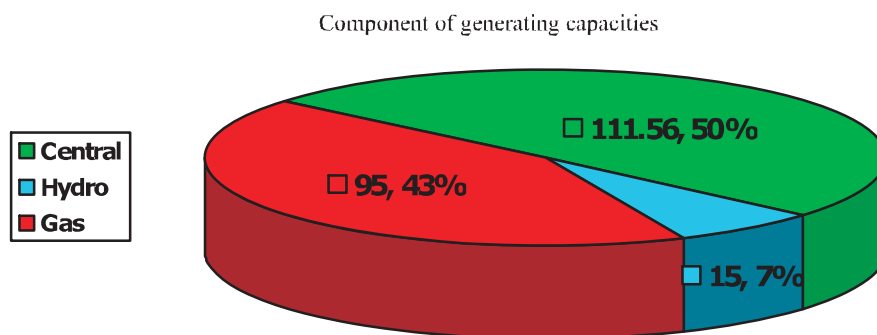
**5.2.16** This section deals with capacity additions and optimal utilisation of existing facilities. Environmental aspects have been discussed in subsequent paragraphs at later stage.

### Capacity Additions

**5.2.17** In the State sector, total installed capacity was 105 MW at the beginning of 2005-06 and increased to 110 MW at the end of 2009-10. Besides, the State had a share in Central sector generation ranging from 99.37 MW to 132.22 MW during the same period. The break up of generating

*WBSEDCL, West Bengal made highest capacity addition of 1000 MW in hydro sector during 2007-08 and PRVUNL, Rajasthan made highest capacity addition of 330 MW in Gas based project during 2007-08*

capacities, as on 31 March 2010, under hydro, gas and central sector generating stations, mainly North Eastern Electric Power Company Limited (NEEPCO) and National Hydroelectric Power Corporation Limited (NHPC) is shown in the pie chart below:



**5.2.18** To meet the energy generation requirement of 818.74 MUs in the State, a capacity addition of about 54 MW was required during 2005-06 to 2009-10. As per National Electricity Plan (April 2007), the projects categorised as ‘Projects under Construction’ (PUC) and ‘Committed Projects<sup>14</sup>’ (CP) earmarked for capacity addition during review period are detailed below:

*(In MW)*

Sector	Thermal	Hydro	Non-conventional Energy	Total
PUC	Nil	Nil	Nil	Nil
CP	726.60	Nil	Nil	726.60
<b>Total</b>	726.60	Nil	Nil	726.60

**5.2.19** Besides the above, two more projects were under construction though not featuring in the Plan. The Company entered into agreements for purchase of 350 MW power from generating stations proposed and under construction as under:

	Name of Company	Name of generating station	Date of agreement	Capacity under installation (MW)	Allocated quantity (MW)	Expected/scheduled commissioning
1.	NTPC Limited (NTPC)	Bongaigaon Thermal Power Station	29.09.2007	750.00	50.00	June 2011, October 2011 and February 2012
2.	NEEPCO	Monarchak Gas Turbine Station	19.03.2008	104.00	104.00	2013-2014
3.	ONGC-Tripura Power Company Limited (OTPCL)	Pallatana Combined Cycle Gas Turbine Station	20.05.2009	726.60	196.00	November 2011 and June 2012

**5.2.20** The particulars of capacity additions envisaged, actual additions and energy requirement *vis-à-vis* energy supplied during review period are given below:

<sup>14</sup> National Electricity Plan defines Committed Projects as Projects for which the formal approval has been granted by the CEA.



Sl. No.	Description	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Capacity at the beginning of the year (MW)	105.00	110.00	110.00	110.00	110.00
2.	Additions planned as per National Electricity Plan (MW)	Nil	Nil	Nil	Nil	Nil
3.	Additions planned by the State (MW)	5.00 <sup>15</sup>	Nil	Nil	Nil	21.00 <sup>16</sup>
4.	Actual Additions (MW)	5.00	Nil	Nil	Nil	Nil
5.	Capacity at the end of the year (MW) (1 + 4)	110.00	110.00	110.00	110.00	110.00
6.	<b>Shortfall in capacity addition (MW) (4 – 3)</b>	Nil	Nil	Nil	Nil	21.00
7.	Annual energy requirement (MU)	656.14	655.19	661.77	749.94	818.74
8.	Energy supplied (MU)					
	a) Energy produced	487.94	536.67	534.86	578.31	567.98
	b) Energy Purchased (Net)	112.68	79.10	87.49	114.69	167.08
9.	<b>Shortfall (-) in energy (MU) (7-8)</b>	<b>(-) 55.52</b>	<b>(-) 39.42</b>	<b>(-) 39.42</b>	<b>(-) 56.94</b>	<b>(-) 83.68</b>

It may be observed that during review period, effective capacity addition was only 5 MW and 21 MW which was scheduled to be completed in 2009-10, was commissioned in August 2010.

The Company stated (September 2010) that with addition of 21 MW capacity at Baramura, the existing installed generating capacity had reached 131 MW. The share of Central Sector generation capacity was treated as own capacity since capacity charge was being borne by the Company. Further capacity addition would arise only when demand exceeded available generation not only from State Sector but also from Central Sector and with the contracted 350 MW for 2013-14 in Central Sector, there will be no need for addition of capacity in the State Sector till 2016-17. It further stated that to achieve the load growth envisaged in the National Electricity Policy, instead of capacity augmentation the State has to go in first for massive industrialisation and commercialisation in the State.

We noticed that the Company's own cost of generation per unit (₹ 1.14 to ₹ 1.45) was lower than the corresponding average<sup>17</sup> cost of generation (₹ 1.66 to ₹ 2.42 per unit) for generating stations in the North East. Moreover, cost of generation was also 31 to 46 per cent below the average annual rates at which the Company purchased power from Central Sector generating stations. Hence, the Company could have explored the possibility of additions to its own generating capacity.

<sup>15</sup> The Company added one a 21 MW unit at Rokhia and scrapping (16-05-2006) of Unit Nos. 1 and 2 of eight MW capacity each not operated since 28-02-2005 and 10-12-2002. Net addition was five MW.

<sup>16</sup> One unit proposed at Baramura.

<sup>17</sup> Source: Statement showing rate of sale of power for generating stations in the country for the years 2006-07, 2007-08 and 2008-09- Central Electricity Authority (CEA).

The Government agreed to carry out an analytical study on generation mix and also come up with Perspective Plan for Power sector in Tripura.

### Optimum Utilisation of existing facilities

**5.2.21** In order to cope with the rising demand for power, not only the additional capacity needs to be created as discussed above, the plan needs to be in place for optimal utilisation of existing facilities and also undertaking life extension programme/ replacement of the existing facilities which are nearing completion of their age besides timely repair/ maintenance.

*GSECL, Dhuvaran (280 MW) made highest improvement in performance (41%) after the 'Partnership in Excellence' programme launched by Ministry of Power in August 2005*

The norms for renovation and modernisation/ life extension of gas turbine based generating units was 20 years or 1,60,000 hours as per CEA and 15 years as per manufacturer norms. Only two out of seven gas turbine based units viz. Unit Nos. 3 and 4 at Rokhia, would fall due for renovation and modernisation in 2010-11. The Company has planned for major inspection of Unit No. 4 at Rokhia in 2010-11 and had placed (May 2009) supply order on BHEL for spares. Inspection was scheduled in July 2010. No proposal has been drawn up for Unit No. 3. The Company has also at the same time proposed (February 2010) to the State Government to replace these two ageing units (No.3 and 4) with one unit of 21 MW capacity at an estimated cost of ₹ 85 crore, on equal sharing basis. The Government's approval to this proposal was awaited (July 2010).

For hydro-electric units, CEA's norms were 30 to 35 years. Unit No. I and II at Gumti, due in 2010-11 for renovation and modernisation, were actually taken up in 2007-08 and 2008-09.

At the exit conference, Company stated that renovation and modernisation/ life extension of existing units would be undertaken after assessing the feasibility.

**5.2.22** A review of the existing facilities which are ageing and may need replacement/ refurbishment within the next five years showed that the Company had initiated (August 2005) a proposal for renovation of Units Nos. 4, 5 and 6 at Rokhia. It sought for ₹ 17.55 crore from the Ministry of Power, Government of India under Accelerated Generation and Supply Programme, but sanction from the Ministry of Power was awaited till July 2010.

### Project Management

**5.2.23** Preparation of an accurate and realistic Draft Project Reports (DPR) after considering feasibility study, factors like creation of infrastructure facility, addressing bottlenecks likely to be encountered in various stages of project planning are critical activities in planning stage of the project. Project management includes timely acquisition of land, effective actions to resolve bottlenecks, obtain necessary clearances from Ministry of Forest and Environment and other authorities,

rehabilitation of displaced families, proper scheduling of various activities etc. For execution of the project, consultants are also appointed for vigorous monitoring. Notwithstanding, time and cost overrun were noticed due to absence of coordinating mechanism throughout the implementation of the projects during review period as discussed in succeeding paragraphs.

**5.2.24** The following table indicates the scheduled and actual dates of completion of the power stations, date of start of transmission, commissioning of power stations and the time overrun.

**Time overrun**

Sl. No.	Phase-wise name of the Unit	Details	Scheduled date of completion as per Contract	Actual date of completion	Time overrun (In months)
Rokhia Gas Thermal Project					
1.	Unit No. 8	Date of completion of unit	07-11-05	31-03-2006	5
		Date of start of transmission	07-11-05	31-03-2006	5
		Date of commercial operation/ commissioning of unit	07-11-05	04-04-2006	5
Baramura Gas Thermal Project					
2.	Unit No. 5	Date of completion of unit	18-11-09	03-08-2010	9
		Date of start of transmission	18-11-09	03-08-2010	9
		Date of commercial operation/ commissioning of unit	18-11-09	Not available	9 (up to August 2010)

It would be seen from the table that both the projects implemented/ under implementation during the review period were not completed in time and slippages in time schedule were avoidable at various stages of implementation as under:

**Unit No. 8 at Rokhia**

- Delay of three months in release of initial advance to Bharat Heavy Electricals Limited (BHEL), the turnkey contractor for the plant (July 2004 instead of March 2004).
- Delay in receipt of materials due to transportation bottlenecks in rainy season indicating inadequate planning.

The Company stated (September 2010) that Tripura being situated at the tail end of the North East Region, there were always transportation limitation particularly in the rainy season. Further, there was delay in paying initial advance because of late receipt of fund from the Ministry.

**Unit No. 5 at Baramura**

- Design defects, delay in receipt of design and drawings for civil works from BHEL.

- Delay in dispatch of materials by BHEL due to law and order and transportation problems (supply to be completed within July 2009 but continued till July 2010).

Thus, it would be seen that time overrun varied between five to nine months in the execution of the power projects which mainly led to cost overrun as discussed in the succeeding paragraphs.

**5.2.25** The estimated cost of the power stations executed, actual expenditure, cost escalation and the percentage increase in the cost are tabulated below:

#### Cost overrun

(Rupees in crore)

Sl. No.	Phase-wise name of the Unit	Estimated cost as per DPR	Awarded Cost	Actual Expenditure (Up to 03/2010)	Expenditure over and above estimate 5=(4-2)	Percentage increase as compared to DPR 6=(5)/(2)
	(1)	(2)	(3)	(4)	(5)	(6)
1	Rokhia GTPS Unit No. 08	73.65	79.50	92.68	19.03	25.84
2	Baramura GTPS Unit No. 05	93.56	98.32	63.53	Incomplete	

It would be seen from above that:

#### Rokhia GTPS

Unit No. 8, targeted for completion in November 2005, was completed in March 2006. It had incurred cost overrun of 25.84 *per cent* of the estimated cost and the main reasons noticed were as under:

- DPR was prepared in October 2002 and sanction accorded by Ministry for Development of North Eastern Region (MoDoner) in December 2003. The delay was mainly due to late furnishing of replies to the observation of CEA. Further, the work was awarded to BHEL for main plant in March 2004 after delay of four months of sanction and for switchyard (September 2005) after a delay of nine months. These led to increase in awarded cost by ₹ 5.85 crore.
- The DPR had overlooked the applicability of State taxes on works contracts. Consequently, payment of ₹ 7.48 crore towards Tripura Value Added Tax (TVAT) and price variation of ₹ 5.70 crore on the main equipments and spares after the base date were later added directly to the actual expenditure.

The cost overrun of ₹ 19.03 crore resulted in increase in cost of power generation from the envisaged ₹ 2.01 to ₹ 2.05 per unit and the cost per MW from ₹ 3.51 crore in 2002-03 to ₹ 4.41 crore in 2006-07.

#### Baramura GTPS

- Unit No. 5 scheduled for completion in November 2009 was completed in August 2010. It had already incurred cost overrun of ₹ 4.76 crore as awarded cost exceeded the estimated cost by 5.09 *per cent*. The main reason was that while the DPR was prepared in September 2005, due to differences among the State

Government, North Eastern Council (NEC) and Ministry of Finance, Government of India regarding the funding pattern of the project, sanction was accorded by NEC only in August 2007. Thereafter, BHEL was invited (September 2007) to make an offer for setting up the project and was awarded the work in March 2008 after eight months of the sanction.

### Contract Management

**5.2.26** Contract management is the process of efficiently managing contract (including inviting bids and award of work) and execution of work in an effective and economic manner. The work is generally awarded on turn key basis to a single party viz. BHEL for design, supply, erection and commissioning of machines and ancillary works. Civil works were undertaken separately by the Company through civil contractors.

**5.2.27** During review period contracts valuing ₹ 177.82 crore were executed. The instances of slow progress of work leading to time and cost overrun at Baramura are given below.

- The cost of machine foundation rose from the contractual value of ₹ 1.41 crore to ₹ 1.78 crore due to wrong assessment in the quantity of concrete works (₹ 37.30 lakh). The Company attributed (September 2010) this additional expenditure to mismatch of the initial estimate for foundation work due to late receipt of foundation design and drawings from BHEL.
- Due to faulty design in the foundation for placement of load gear box (LGB), the project was delayed by nine months. The Company incurred additional expenditure of ₹ 5.00 lakh on rectification. The Company ascribed (September 2010) this to ambiguity in drawing of LGB foundation from BHEL.
- The plant was scheduled to be commissioned in November 2009. Accordingly, the Company had tied up with ONGC for supply of additional gas. Due to delay in commissioning of the plant, the Company obtained three extensions till June 2010 for supply of gas. Consequently, as per contract, the Company was liable to pay minimum guaranteed off take charges to ONGC at the rate of ₹ 9.08 lakh daily from July 2010 towards gas. This worked out to an aggregate of about ₹ 3.00 crore till commissioning of the plant in August 2010.

While accepting the observations, the Company stated (September 2010) that the additional expenditure would be recovered from BHEL.

### Operational Performance

**5.2.28** Operations of the Company are dependent on input efficiency consisting of material and manpower and output efficiency in connection with Plant Load Factor, plant availability, capacity utilisation, outages and auxiliary consumption. These aspects have been discussed below.

### Input Efficiency

#### *Procedure for procurement of natural gas*

**5.2.29** The Central Electricity Authority (CEA) fixes generation targets for gas thermal and hydroelectric power stations considering capacity of plant, average plant load factor and past performance. The Company works out requirement of gas on the basis of design norms and past gas consumption trends. The company entered into gas supply agreements (gas linkage) with Gas Authority of India Limited (GAIL) and Oil and Natural Gas Corporation Limited (ONGCL). The allocated quantities under the administered pricing mechanism (APM) were 0.2 million metre standard cubic metres per day (MMSCMD) and 0.5 MMSCMD for Baramura and Rokhia respectively and an additional quantity of 0.1 MMSCMD at Market Determined Prices (MDP) for Rokhia from 1 April 2008. The additional allocation was reduced to 0.08 MMSCMD since 20 November 2009 at the request of the Company.

**5.2.30** The position of gas linkages fixed, gas received, generation targets prescribed and actual generation achieved during the period from 2005-06 to 2009-10 covering the units of GTPS at both Rokhia and Baramura was as under:

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Gas Linkage fixed (MMSCM)	255.50	255.50	256.20	292.00	289.16	1,348.36
Quantity of Gas received (MMSCM)	208.26	245.35	256.10	273.38	275.43	1,258.52
Generation Target (MU)	456.00	584.00	490.00	474.00	523.50	2,527.50
Actual generation achieved (MU)	428.68	520.20	583.86	608.49	612.48	2,753.71
Excess (+)/ Shortfall (-) in generation to target (MU)	(-)27.32	(-)63.80	(+)93.86	(+)134.49	(+)88.98	(+)226.21

It would be seen from the above that the total linkage of gas during the five years fixed was 1,348.36 MMSCM for the State. Against this, only 1,258.52 MMSCM of gas was received, resulting in short receipt of 89.84 MMSCM (6.66 *per cent*) of gas. We observed that the current and earlier agreements with GAIL specified that the Company would create requisite facilities to operate both the GTPS on liquid fuel in addition to natural gas. But, the Company had not done the same. Consequently, due to short supply of gas it could not generate power using the potential capacity.

The Company stated (September 2010) that running with high speed diesel will abruptly increase the cost of generation and enhance fixed cost of generation.

**5.2.31** Some instances of loss of generation due to short supply of gas, failure to tie up gas requirement in time as well as non-drawal of the minimum guaranteed off-take of gas during the review period are as follows :

- The Company faced problems of shortage of gas from time to time. Loss in generation in both the GTPSs due to short supply gas was 13.39 MU, as given in **Appendix - 5.8**.
- The gas allocation (0.5 MMSCMD) available at Rokhia GTPS till March 2008 was sufficient for operation of plant units no. 3, 4, 5, 6 and 7. However, when



additional unit no. 8 was commissioned in March 2006, the corresponding additional gas requirement was tied up in April 2008 only since the Company wanted the additional gas to be supplied at APM rates which was not according to policy. During the intervening period, the plants were operated on internal arrangement based on the available gas. During 2006-07 and 2007-08, unit no. 4 could be operated only when unit nos. 3, 5, 6, 7 or 8 were under forced outage. Even in such case, whereas unit no. 4 was operated for 550 days, it was kept idle for about 180 days due to non-availability of gas. Non-operation of unit no. 4 due to shortage of gas resulted in shortfall of generation of 34.95 MU. This indicated inadequate planning in arranging for supply of gas in time.

- During 2005-06<sup>18</sup>, Rokhia GTPS could consume 57.66 MMSCM of gas against minimum guaranteed offtake of gas (MGOG) of 72.80 MMSCM due to planned/ forced outages of unit nos. 3, 4 and 6. As a result, the Company had to pay GAIL ₹ 2.41 crore for short consumption of 15.14 MMSCM of gas. Further, in 2008-09 and 2009-10, Rokhia GTPS consumed 45.64 MMSCM against MGOG of 61.52 MMSCM from ONGC. Consequently, the Company had to pay ONGC ₹ 6.40 crore in advance for 15.88 MMSCM which could be utilised in subsequent periods.

### Fuel supply arrangement

**5.2.32** The Ministry of Petroleum and Natural Gas (MoPNG), Government of India decided (September 1997) to progressively link the consumer price of gas to the price of a basket of international fuels. Thereafter, it directed (June 2005) that gas would continue to be supplied to the power sector under APM up to allocations contracted till June 2005. The APM allocations for Rokhia and Baramura GTPSs were 0.5 MMSCMD and 0.2 MMSCMD respectively and would be supplied by GAIL. Additional requirements would be supplied by ONGC at market determined prices (MDP), subject to availability. It was noticed that :

- The current agreements with GAIL effective from April 2008 had increased the minimum guaranteed off-take of gas (MGOG) to 90 *per cent* from 80 *per cent* of gas allocation. Consequently, when taking up (January-February 2009) major inspection of Unit No. 4 at Baramura, the Company decided not to overhaul the generator to avoid payment for gas under MGOG clause. This reduced the outage period from 35 days envisaged to an actual of 22 days and thereby foregoing the prescribed overhauling of the generator.
- The agreement with ONGC provided (April 2008) for compensation if supply was below 90 *per cent* as well. The difference between MGOG and actual supply can be drawn free of cost in subsequent years during validity of the agreement. The agreements with GAIL did not have such provision to the disadvantage of the company.

<sup>18</sup> July, August, September, October 2005, February and March 2006.

- Both ONGC and GAIL supplied gas through the same pipe line and metering arrangements. However, the price of gas supplied by GAIL was benchmarked to net Calorific Value (NCV) of 10,000 Kcal; while the price of gas from ONGC was pegged to NCV of 8,000 Kcal. The average calorific value of gas in 2008-09 and 2009-10 was 8,225 Kcal. Had the price of gas from ONGC also been benchmarked to 10,000 Kcal, the Company would have received rebate of 81 paise and 84 paise per SCM in 2008-09 and 2009-10 respectively. Instead, it had to pay premium of around 13 paise per SCM. This worked out to additional cost of ₹ 4.12 crore on purchase of 43.12 MMSCM gas from ONGC due to monopolistic arrangement for supply of fuel.

The Company stated (September 2010) that terms and conditions of the agreement with ONGC and GAIL for purchase of gas at APM rate and MDP were fixed by the MoPNG. Moreover, gross caloric value of 8,000K Cal/SCM in determining the rebate/premium is all India norms also fixed by the MoPNG. However, documents in support of norms and correspondence with the suppliers/ MoPNG were not furnished.

### Consumption of gas

#### Excess consumption of gas

**5.2.33** Consumption of gas depends on its calorific value, generation levels, ambient temperature and prevailing frequency of the power system. Besides, in case of trippings of units due to technical problems and power system disturbances, gas gets flared till such time the supply valves at GAIL/ ONGCL end can be controlled. The norms<sup>19</sup> fixed in the project report for various power generation stations for production of one unit of power in the State *vis-à-vis* maximum and minimum consumption of gas during the period of five years ending 2009-2010 is depicted in the table below:

(In SCM per unit)

Name of the Station	Norms fixed in the project report	Average minimum consumption	Average maximum consumption
Rokhia GTPS	0.39	0.42 (2007-08)	0.62 (2005-06)
Baramura GTPS	0.41	0.42 (2009-10)	0.44 (2007-08)

(Figures in brackets indicate the year in which the maximum/ minimum consumption was obtained)

From the above it may be seen that in both GTPS, the consumption remained higher than the norms in all years under review. Audit noticed that consumption above the norms resulted in excess consumption of gas to the tune of 187.94 MMSCM valued ₹ 41.80 crore during the review period in the State as detailed in **Appendix - 5.9**. Apart from the lower calorific value of gas, excess heat rate also contributed to excess gas consumption, which could be *prima facie* controlled by the Company.

The Company stated (September 2010) that excess consumption of gas had come down from 28.32 *per cent* to 5.93 *per cent* and both GTPS had performed much better in 2009-10 as compared to 2005-06.

<sup>19</sup> Fixed for Net Calorific Value (NCV) of 9000 Kcal/SCM.

### Heat rate

**5.2.34** Tripura Electricity Regulatory Commission (TERC) had not specified the heat rate of gas for Baramura and Rokhia. Consequently, consumption of gas was to be regulated at the heat rate of 3,125 Kcal/unit and 3,500 Kcal/unit allowed by Central Electricity Regulatory Commission (CERC) for 2005-06 to 2008-09 and 2009-10 respectively. The average heat consumed by the Power Stations during 2005 -10 ranged from 3,619.48 Kcal/unit to 4,011.89 Kcal/unit during 2005-06 to 2008-09 and 3,707.91 Kcal/unit in 2009-10. This contributed to excess consumption of gas as discussed in the previous paragraph.

The Company stated (September 2010) that plant performance loss was a design phenomenon with respect to the ageing and firing hours of the units. However, the norms are fixed by CERC with consideration of all parameters.

At the exit conference, Company stated that for old units the normative heat rate would be re-assessed.

### Manpower Management

**5.2.35** Consequent to the corporatisation (April 2005) of the erstwhile departmental undertaking without unbundling of its activities, the Government deputed all 5,084 employees of the Power Department to the Company. Neither the Government nor the Company had assessed the required strength or specified the sanctioned strength. However, the position of manpower at the three generating stations for the past five years as compared to CEA norms was as under:

Sl. No	Particulars	Technical	Non-Technical	Total
1	Requirement as per CEA norms	57	20	77
2	Actual			
	2005-06	166	142	308
	2006-07	148	170	318
	2007-08	142	168	310
	2008-09	155	117	272
	2009-10	166	93	259

**5.2.36** The above table shows that actual manpower was in excess of the norms of CEA during the years 2005-06 to 2009-10. Despite having excessive manpower, the generating stations were regularly employing temporary/contract staff. During 2005-10, generating stations deployed temporary employees for different jobs by incurring an expenditure of ₹ 67.01 lakh. Besides, overtime of ₹ 30.19 lakh had been paid to the regular staff. No action was taken to rationalise its staff strength or explore ways to utilise them optimally.

The Company stated (September 2010) that efforts were being taken to redistribute the existing manpower in all activities.

## Output Efficiency

### Generation performance

**5.2.37** The targets for generation of power for each year are fixed by the CEA. It was observed that the gas stations of the Company generated 2,753.71 MU of power during 2005-06 to 2009-2010 against a target of 2,527.50 MU. This resulted in a net excess of 226.21 MU as shown in the following table:

Year	Target (In MU)	Actual (In MU)	Excess (+)/ Shortfall (-) (In MU)
2005-06	456.00	428.68	(-) 27.32
2006-07	584.00	520.20	(-) 63.80
2007-08	490.00	583.86	(+) 93.86
2008-09	474.00	608.49	(+) 134.49
2009-10	523.50	612.48	(+) 88.98
<b>Total</b>	<b>2,527.50</b>	<b>2,753.71</b>	<b>(+) 226.21</b>

The year-wise details of energy to be generated as per design, actual generation, plant load factor (PLF) as per design and actual plant load factor in respect of the power Projects commissioned up to March 2010 are as given in **Appendix - 5.10**.

The details in the Appendix indicate that:

- The actual generation and actual PLF achieved at Baramura were above the energy to be generated and PLF as per design during all five years while PLF at Rokhia and Gumti were far below the target.
- As against the total designed generation of 3,039.94 MU of energy at Rokhia and Gumti during the five years ended 2009-2010 the actual generation was 2,164.94 MU leading to the shortfall of 875 MU.
- As the PLF had been designed considering the availability of inputs the loss of generation (total 875 MU) during the period 2005-2006 to 2009-2010 indicated that resources and capacity were not being utilised to the optimum level due to non operation of plants and delay in timely renovation as discussed subsequently.

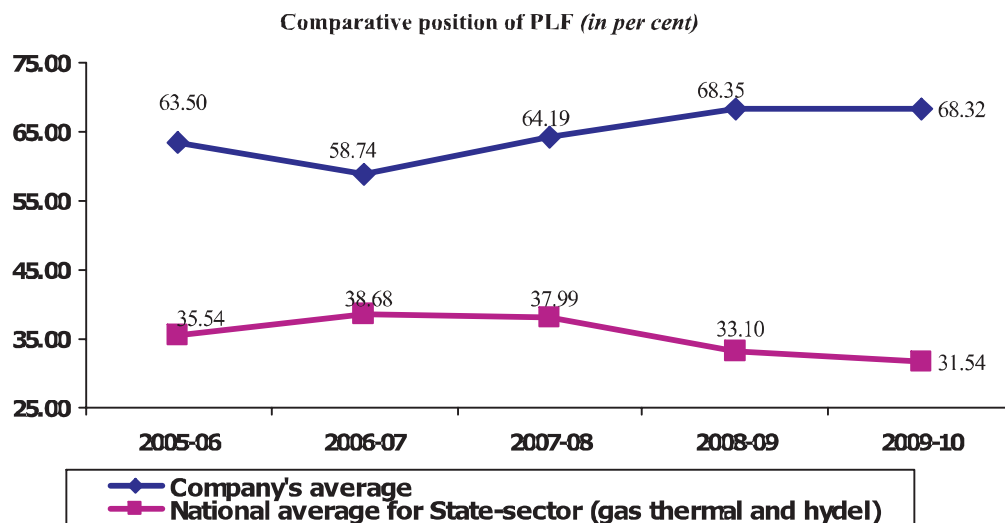
The Company stated (September 2010) that two 8 MW units and one 21 MW unit at Rokhia were out of bus (grid) due to shortage of gas and forced outages and units at Gumti were out of bus in lean season. However, we observed that the gas allocation for two 8 MW units at APM rates was being diverted to operate one 21 MW unit (No. 8), instead of obtaining separate allocation at MDP.

### Plant Load Factor (PLF)

**5.2.38** Plant load factor (PLF) refers to the ratio between the actual generation and the maximum possible generation at installed capacity. According to norms fixed by Central Electricity Regulatory Commission (CERC), the PLF for thermal power generating stations should be 80 per cent during 2005-06 to

*GHTPS at Lehra Mohabbat (2x210MW) registered 95.99% PLF among all State Sector Stations during 2008-09. PLF of 101.10% of Unit No. 6 of Kota TPS (195 MW) of RRVUNL registered highest among all state sector units in 2008-09.*

2008-09 and 85 *per cent* in 2009-10, against which the aggregate national average for gas turbine and hydro was 31.54 *per cent*. The following graph presents the comparative position of PLF for aggregate national average for gas thermal and hydro power stations in the State sector as well as for the Company.



It would be apparent from the above chart that the Company's PLF was above the National average for State-sector gas thermal and hydro in all five years from 2005-06 to 2009-10. The comparative performance for each power station was as follows :

- PLF at Baramura and Rokhia were 86.32 to 95.40 *per cent* and 54.07 to 69.29 *per cent* respectively was higher than corresponding National average in all five years.
- PLF at Gumti ranged from 27.60 to 50.50 *per cent* which exceeded the comparable national average in 2005-06, 2008-09 and 2009-10, while being lower in 2006-07 and 2007-08.

The Company attributed (September 2010) the low PLF at Rokhia as compared to the other GTPS at Baramura to shortage of gas at APM rate and at Gumti due to drought. However, we noticed that in addition to 0.7 MMSCMD at APM price, ONGC has allocated (2008) supply of additional 0.4 MMSCMD at Market Determined Price (MDP) for Rokhia (0.2 MMSCMD) and Baramura (0.2 MMSCMD). Of this additional allocation, the Company was drawing (September 2010) 0.28 MMSCMD at Rokhia (0.08 MMSCMD) and Baramura (0.2 MMSCMD). The Company had no plans to utilise the balance (0.12 MMSCMD) allocation of gas at Rokhia indicating that allocation of gas was not a constraint.

At the exit conference, the Government accepted the need to conduct a study into the reasons for reduction in holding capacity of the reservoir at Gumti. It was also stated that an evaluation of existing generation capacity *vis-à-vis* gas linkages allocated would be undertaken.

**5.2.39** The details of maximum possible generation at installed capacity, actual generation and corresponding Plant Load Factor achieved in respect of each generating unit for the five years up to 2009-2010 are given in **Appendix - 5.10**. The PLF at Baramura exceeded the norms prescribed by CERC in all years under review. However, Rokhia and Gumti could not achieve the CERC norms in any of the years under review. The main reasons for the low PLF at Rokhia and Gumti, as observed in audit were:

- Low plant availability
- Low capacity utilisation
- Major shutdowns and delays in repairs and maintenance

These are discussed in the following paragraphs.

#### Plant availability

**5.2.40** Plant availability means the ratio of actual hours operated to maximum possible hours available during certain period. As against the CERC norm of 80 per cent plant availability during 2004 – 2009 and 85 per cent during 2009 – 2014, the average plant availability of power stations was 79.08 per cent during the five years up to 2009-10.

*The overall plant availability in the State Sector was 82.67 % during 2008-09*

**5.2.41** The details of total hours available, total hours operated, planned outages, forced outages<sup>20</sup>, reserve outages<sup>21</sup> and overall plant availability in respect of the Company as a whole are shown below:

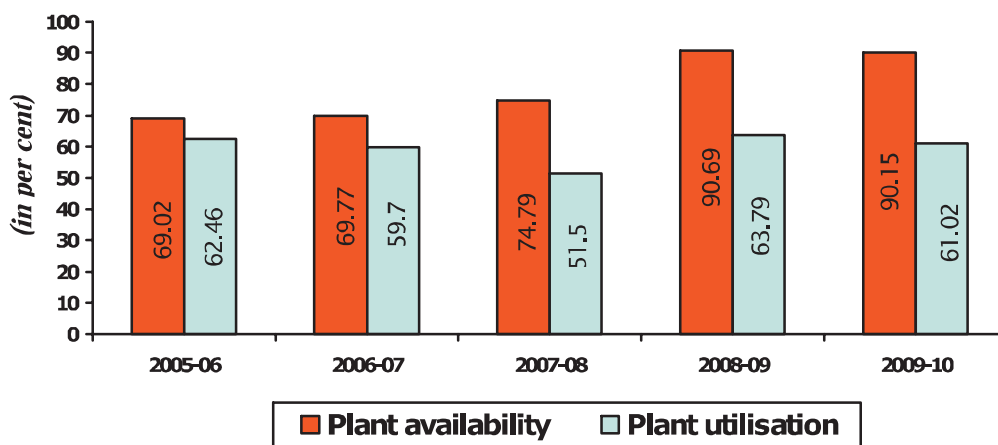
Sl No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Total
1	Total hours available	78,840	87,600	87,840	87,600	87,600	4,29,480
2	Planned outages (in hours)	11,996	19,988	9,767	5,985	6,930	54,666
3	Forced outages (in hours)	12,428	6,493	12,374	2,172	1,699	35,166
4	Total outages (2+3)	24,424	26,481	22,141	8,157	8,629	89,832
5	Plant availability (1-4)	54,416	61,119	65,699	79,443	78,971	3,39,648
6	Reserve outages	5,174	8,823	20,459	23,565	25,517	83,538
7	Operated hours	49,242	52,296	45,240	55,878	53,454	2,56,110
8	Plant availability (per cent) (5x100/1)	69.02	69.77	74.79	90.69	90.15	79.08
9	Plant utilisation (per cent) (7x100/1)	62.46	59.70	51.50	63.79	61.02	59.63

**5.2.42** The graph below shows percentage of plant availability *vis-à-vis* percentage of plant utilisation:

<sup>20</sup> Forced outages are closure of plant in excess of prescribed limit due to break down in the system.

<sup>21</sup> Reserve outages are when units are ready for generation but not operated.



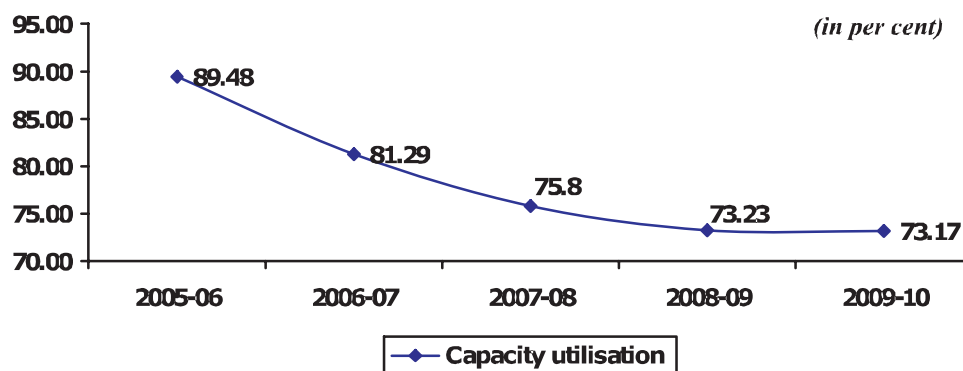


The plant availability, though below the norms from 2005-06 to 2007-08, improved over the review period from 69.02 *per cent* to 90.15 *per cent*. The low availability of power plants during 2005-06 to 2007-08 was due to longer duration of outages caused by inordinate delays in repair and maintenance. Moreover, even when the plants were available for generation, they were not operated due to non-availability of required quantity of gas and non-operation of the unit no. 5 and 6 leading to low plant utilisation as discussed in *Paragraphs 5.2.30 and 5.2.43*.

The Company stated (September 2010) that plant availability fell marginally short than the CERC fixed average due to long outage of few units at Rokhia.

#### Declining Capacity Utilisation

**5.2.43** Capacity utilisation means the ratio of actual generation to possible generation during actual hours of operation. Based on this, the graph below shows the Company's capacity utilisation during the review period reduced from 89.48 to 73.17 *per cent*.



We observed that 10.52 to 26.83 *per cent* of the available capacity remained unutilised. The main reasons for the declining utilisation of available capacity during 2005-10 were:-

- Running of units with partial load/without load due to substantial variation in peak and off-peak demand;
- Reduced capacity of old generating units;
- Non operation of units (Unit No. 5 and 6) at Rokhia (aggregate capacity: 16 MW) since February 2007 and July 2005 respectively to avoid sharing half the generation with Mizoram and Manipur, as required under the financial assistance sanctioned by NEC for setting up these units. This led to loss of potential generation of 312.07 MU.

The Company stated (September 2010) that Unit No. 5 and 6 at Rokhia were non-operational due to non-availability of gas at APM rate. However, at the exit conference, the Government agreed that an evaluation of existing generation capacity *vis-à-vis* gas linkages allocated would be undertaken.

- Reduction (32.24 *per cent*) in capacity of reservoir at Gumti was due to siltation. The water spread came down from 4,500 ha during construction (1977) to 3,049.34 ha (2004). Thus, despite rainfall in the district being in excess of the long period (1941-90) averages by 2.04 to 69.63 *per cent* in the past five years till 2009-10, only two of three units were operated.

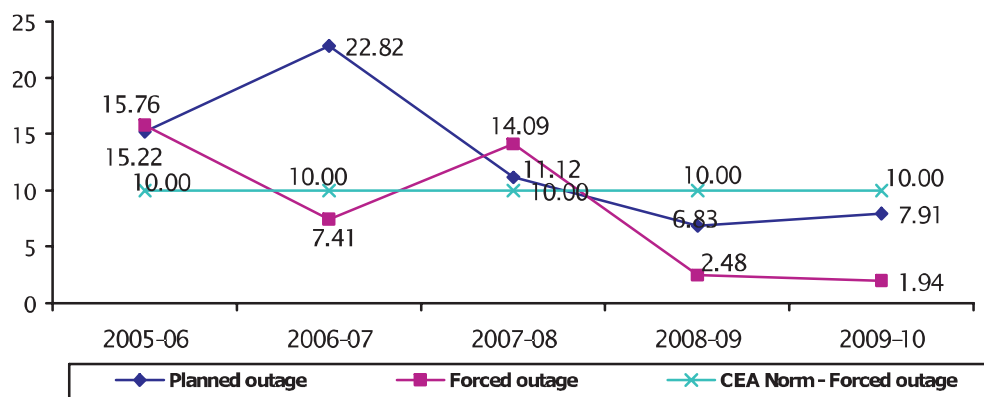
The Company stated (September 2010) that Gumti hydro electric project was designed to generate 50 MU annually with one unit being kept on stand by. The Government stated that a study would be conducted to see the reasons for reduction in holding capacity of the reservoir at Gumti.

## Outages

**5.2.44** Outages refer to the period for which the plant remained closed for attending planned/ forced maintenance. Percentage of annual forced and planned outages in the Company *vis-à-vis* norm for forced outage are shown in the graph below:

*Energy loss on account of forced outages was 9.29% during 2008-09 while the same was 7.71% during 2007-08.*

Comparative position of outages (in per cent)



In this regard, the following were observed:

- The total number of hours lost due to planned outages decreased from 11,996 hours in 2005-06 to 6,930 hours in 2009-10 i.e. from 15.22 *per cent* to 7.91 *per cent* of the total available hours in the respective years.
- The forced outages decreased from 12,428 hours in 2005-06 to 1,699 hours in 2009-10 i.e. from 15.76 to 1.94 *per cent* of the total available hours in the respective years. The forced outages remained more than the norm of 10 *per cent* fixed by CEA in two years viz. 2005-06 and 2007-08, mainly due to excessive time taken on repairs and maintenance.

The total outages had improved over the period under review. The Company attributed (September 2010) the higher rate of forced outage in 2005-06 to Unit Nos. 3 and 7 being out of bus (grid) for four years and eight months respectively.

### Auxiliary consumption of power

**5.2.45** Energy consumed by power stations themselves for running their equipments and common services is called auxiliary consumption. CERC specified (March 2004/ January 2009) one *per cent* of the power generated to be used as auxiliary consumption for gas turbines and 0.2 *per cent* for hydro electric stations up to 2008-09 and thereafter 0.7 *per cent*. However, as per the information furnished by the Company, the actual auxiliary consumption remained static at 1.5 *per cent* for gas turbines and around one *per cent* for hydro station, which was above the norms resulting in excess consumption of 15.50 MU which could not be dispatched to the grid.

The Company stated (September 2010) that the actual auxiliary consumption of power was one *per cent* of gross generation for gas turbine plants while at Gumti (hydro) it was only 0.12 *per cent*. At the exit conference, the Company agreed to reconcile the figures of auxiliary consumption.

### Repairs and Maintenance

**5.2.46** To ensure long term sustainable levels of performance, it is important to adhere to periodic maintenance schedules. The efficiency and availability of equipment is dependent on the strict adherence to prescribed maintenance and equipment overhauling schedules. Non-adherence to schedule carry a risk of the equipment consuming more gas and lubricants as well as a higher risk of forced outages which necessitate undertaking R&M works. These factors lead to increase in the cost of power generation due to reduced availability of equipments which affect the total power generated.

**5.2.47** It was observed that scheduled maintenance of units was done after delays ranging from five to ninety months (details given in the **Appendix - 5.11**). Some other aspects of repair and maintenance are highlighted below.

- Due to delay in taking up the Major Inspection (MI) of Unit No. 4 at Rokhia in September 2009, there was short generation of 9.70 MU from October 2009 to

May 2010. MI was proposed for July 2010 but not taken up. It was also seen from the proposal initiated (February 2009) by Rokhia GTPS, that it was estimated that the generation capacity would enhance to 4.75 MU per month after MI.

- Unit No. 6 at Rokhia was under forced shutdown from June 2005 due to failure of LP Rotor and generator. It was repaired (June 2006) and put on trial operation for three days and thereafter the unit was not operated till date. Yet, the Company spent (August 2008) ₹ 27.42 lakh on repairs, followed by overhaul and shifting (January 2009) of turbo-generator of defunct Unit No. 1 at a cost of ₹6.92 lakh. Even though not operated, the unit consumed 19.20 Kl turbine oil (value: ₹13.43 lakh) during 2005-06 to 2009-10.

The Company stated (September 2010) that Unit No. 6 of Rokhia was under trial mode of operation and kept standby for want of gas which was not available at APM rate. However, it was seen from the records that the gas originally allocated for operation of Unit No. 6 at APM rate was diverted to operate Unit No.8 resulting in shutdown of Unit No. 6.

- Unit No. 7 at Rokhia was under shutdown from 12 January 2006 due to high vibration in the generator. BHEL inspected the damage and recommended major repairs at Hyderabad. Instead, the Company placed (31 January 2006) order on BHEL to supply a new generator by March 2006. The new generator reached the site in July 2006. Meanwhile, the transformer of Unit No. 7 was shifted (March 2006) to Unit No.8. The existing transformer was returned to Unit No.7 only in September 2006, after the new transformer and switchyard for unit No. 8 were commissioned. Thereafter, Unit No. 7 was re-assembled and resumed generation in October 2006. Consequently, the unit was under forced shutdown for 274 days from 12 January 2006 to 12 October 2006.

### Renovation and Modernisation

**5.2.48** Renovation and Modernisation (R & M) and refurbishment activities involve identification of the problems of unit of TPS, preparation of techno economic viability reports, preparation of detailed project reports (DPR) to lay down benefits to be achieved from these works.

**5.2.49** Unit No. I at Gumti was out of bus from September 2007 for defects in turbine and generator and put into operation only in January 2010 after 29 months, due to delays in preparation of estimates, sanctions etc. Unit No. II at Gumti was also under forced shutdown for 1,461.50 hours out of 1,464 hours in June and July 2006 due to shaft and turbo generator vibration. The unit was then put under complete shutdown from August 2006 and put in operation in April 2008 after 21 months due to delay in commencement of work (April 2007) and non-availability of special materials identified after inspection (July 2007). This led to both the units being out of

operation from September 2007 to March 2008, with loss of potential generation of 19.02 MU.

The Company stated (September 2010) that continuous efforts were being taken to assess and prepare action plan for R & M and LEP to enhance operational efficiency of the existing plants. Results were, however, dependent on the availability of required spares for these works.

### Operation and Maintenance

**5.2.50** CERC in its Regulation 2009 allowed O&M norm for 2009-10 as ₹ 22.90 lakh and ₹ 38.45 lakh per MW in respect of small gas turbine power generating stations<sup>22</sup> and hydroelectric power generating stations respectively. The overall O&M cost per MW, on weighted average method, based on above norms works out to ₹ 25.02 lakh. Against the norms, the total O&M cost per MW incurred by the Company was ₹ 11.83 lakh, ₹ 15.86 lakh, ₹ 8.48 lakh, ₹ 12.26 lakh and ₹ 13.53 lakh from 2005-06 to 2009-10. We observed that O&M expenses were lower than the norms fixed by CERC in this regard.

### Financial Management

**5.2.51** The details of consolidated working results (i.e. generation to distribution) have been prepared based on estimated figures made available to audit and are given in **Appendix - 5.12**.

### Claims and Dues

**5.2.52** The Company sells energy directly to consumers in the State at the rates specified by TERC in 2005-06 and 2006-07. Sale prices do not cover the total input costs. The differential amount is either subsidised through trading or claimed in the form of subsidy from the State Government. At the time of corporatisation, the entire manpower of the Department of Power was deputed to the Company, as discussed at paragraph No. 5.2.35 which is partly subsidised by the Government. The table below gives the details of subsidy commitments by the Government *vis-à-vis* subsidy received for the review period.

*(Rupees in crore)*

Sl. No	Details	2005-06	2006-07	2007-08	2008-09	2009-10	Total
1.	Subsidy commitment <sup>23</sup> by the State Government	40.00	40.00	24.85	25.85	28.00	158.70
2.	Subsidy received from the State Government	45.56	22.00	24.00	25.00	28.00	144.56
3.	Difference (1 – 2)	5.56	(18.00)	(0.85)	(0.85)	0.00	(14.14)

*(Figures in brackets indicate short receipt of subsidy)*

<sup>22</sup> Stations with gas turbines in the capacity of 50 MW or below.

<sup>23</sup> Made by the State Government to TERC (June 2005/September 2006) when tariff for 2005-06 and 2006-07. From 2007-08 onwards, the State Government decided to convert Budgeted non-plan grants to the Company into subsidy.

It would be seen from the above table that in 2005-06 and 2009-10, out of aggregate subsidy commitment of ₹ 158.70 crore, the Government paid ₹ 144.56 crore with short realisation of ₹ 14.14 crore.

The Company stated (September 2010) that after compiling the accounts, the exact figure of each segment will be compared.

### **Tariff Fixation**

**5.2.53** The Tripura Electricity Regulatory Commission (Tariff Regulation, 2004), effective from 18 January 2005, specifies that the licensee i.e. the Company should file petition for revision of tariff 120 days before the proposed effective date of revision. TERC had also observed (June 2005) that tariff should be revised normally with effect from 1 April of each year.

**5.2.54** Audit noticed that the Company filed (10 March 2005/ 4 August 2006) tariff petitions for revisions of tariff from 1 April 2005 and 1 April 2006 after delays<sup>24</sup> of 98 days and 245 days respectively. TERC approved tariffs on 28 June 2005 and 14 September 2006, effective from 1 July 2005 and 1 July 2006 respectively. This resulted in short realisation of revenue of ₹ 6.10 crore on sale of 358.68 MU and 251.58 MU energy between April-June 2005 and April-June 2006 respectively. Moreover, due to failure to compile accounts, TERC refused (September 2007) to revise the tariff for the remaining years. Consequently, the tariffs remained static till July 2010.

### **Environment Issues**

**5.2.55** In order to minimise the adverse impact on the environment, the GOI had enacted various Acts and statutes. At the State level, Tripura State Pollution Control Board (TSPCB) is the regulating agency to ensure compliance with the provisions of these Acts and statutes. Ministry of Environment and Forests (MoE&F), GOI and Central Pollution Control Board (CPCB) are also vested with powers under various statutes. Though periodically directed by the TSPCB, the Company has no separate Environmental Management Cell.

Our scrutiny relating to compliance with the provisions of various Acts in this regard revealed the following:

#### ***Air Pollution and on-line monitoring equipment***

**5.2.56** Exhaust from gas turbines include suspended particular matter (SPM), Nitrous Oxides (N<sub>2</sub>O) and Sulphur-Di-Oxide (SO<sub>2</sub>) which needs to be monitored. As per the provisions of the Environment (Protection) Act, 1986 and Consent to operate certificates, both GTPSs should provide on-line monitoring systems to measure stack emissions. However, it was observed that none of the GTPS had installed monitoring systems. Moreover, while issuing the Consent to operate certificates, TSPCB directed

<sup>24</sup> Due dates- 2 December 2004 and 2 December 2005.



that the ambient air quality and stack emissions should be monitored periodically. Yet, no monitoring stations were set up to measure ambient air quality. Non-installation of on-line monitoring equipment had resulted in violation of statutory provisions.

The Company stated (September 2010) that at the time of installation of the older units, installation of on-line monitoring equipment was not mandatory. The management also proposed to set up the equipment in those units in phases. However, we observed that in new unit (Rokhia Unit No. 8) also, the equipment was not installed.

### ***Noise Pollution***

**5.2.57** Noise Pollution (Regulation and Control) Rules, 2000 aim to regulate and control noise producing and generating sources with the objective of maintaining ambient air quality. To achieve the above, noise emission from equipment be controlled at source, adequate silencing equipment should be provided at various noise sources and a green belt should be developed around the plant area to diffuse noise dispersion. The GTPSs are required to record sound levels in all the areas stipulated in the rules referred to above.

Our scrutiny revealed the following:

- Both Rokhia and Baramura GTPS did not record noise levels.
- Noise level measured in turbine area of Rokhia GTPS by TSPCB in December 2006 was 87 dB against maximum limit of 85 dB.

### ***Energy conservation***

**5.2.58** The Company operates open cycle gas turbines where the exhaust gas carries away almost two thirds of the energy available from the burning of gas. The stack emission has a temperature of about 500<sup>0</sup>C. If the Company goes in for combined cycle plant or waste heat recovery plant, the heat present in the exhaust gas can be recycled for generating further power. The Government prepared<sup>25</sup> (December 1988) feasibility study on setting up of waste heat recovery plant with a capacity of 11 MW at a cost of ₹ 31.28 crore at Baramura for utilising the energy of the exhaust gas system. However, no further action was taken. At Rokhia, the Company is considering setting up a waste heat recovery plant only in May 2010. Thus, due to lack of timely action, the Company could not harness the potential of non- renewable energy resources.

At the exit conference, Company agreed to examine the feasibility of arranging water for waste heat recovery plants at both the GTPS.

<sup>25</sup> Through CESC, CESC Limited, Kolkata (a private company).

### ***Non registration of new power projects under Clean Development Mechanism***

**5.2.59** To save the Earth from green house gases (GHG) a number of countries including India signed the 'Kyoto Protocol' (Protocol), which was adopted (December 1997) in the Third Conference of Parties to the United Nations Framework Convention on Climate Change (UNFCCC). Article 3 of the Protocol targeted reduction of emission of GHG by five *per cent* in the developed countries. UNFCCC had set the 'standard' level of carbon emission allowed for a particular industry or activity. The extent to which an entity is emitting less carbon (as per standard fixed by UNFCCC), it gets credited for the same. Only those power plants that meet the UNFCCC norms and take up new technologies will be entitled to sell these credits. There are parameters set and detailed audit is done before an entity gets the entitlement to sell the credit. The booking of such saving of GHG is called purchase of Certified Emission Reduction (CER), commonly called Carbon Credits. If the developed countries were unable to reduce their own carbon emissions, they could book the savings of GHG in developing countries in their account by paying some money to the concerned country. This whole system is named Clean Development Mechanism (CDM).

For sale of CER, registration of the power plant is required as a CDM project with UNFCCC. The power plants that commenced operations on or after 1 January 2000 are eligible for registration by submitting the request with Designated National Authority (DNA). In India, the Ministry of Environment and Forest (MoEF), Government of India is nominated as DNA. However, the Company has not taken any action for registration of its two new units namely, Rokhia Unit 8 and Baramura Unit 5 commissioned in March 2006 and August 2010 respectively with MoEF.

The Company stated (September 2010) it would review to register its new plants under the clean development mechanism to avail the benefits of carbon credit.

### **Monitoring by top management**

**5.2.60** The Company plays an important role in the State economy. To succeed in operating economically, efficiently and effectively, the Company should document management systems of operations, service standards and targets. Further, there has to be a Management Information System (MIS) to report on achievement of targets and norms. The achievements need to be reviewed to address deficiencies and also to set targets for subsequent years. The targets should generally be such that the achievement of which would make an organisation self-reliant. Audit review of the system existing in this regard revealed the following:

- The Company did not set targets for important operational parameters. It had, however, drawn up annual plans indicating budgeted and revised estimates for some operational and financial parameters. But, there was nothing on record to indicate regular assessment of actual performance *vis-à-vis* these estimates.
- The Company had appointed (October 2005) Ernst & Young Pvt. Ltd., Kolkata as consultant to develop fund flow pattern and accounting system including MIS

against the remuneration of ₹15.50 lakh, which was received as grant from Power Finance Corporation Ltd. (PFC). The Company had neither implemented recommendations in the reports for development of system prepared by the consultant nor documented the MIS reports to be generated.

- The Board of Directors (BoD) did not seek the operational/ financial performance of the Company for periodic review. Moreover, it had neither periodically monitored the implementation of projects nor evaluated the socio economic parameters to analyse the success rate of projects or positive impact on socio economic parameters. Further, the annual plans were never presented to the Board.
- In all five years, information on gross generation maintained by the generating stations was at variance with details maintained by the Commercial & Systems Operation circle. These differences were in the range of 0.441 MU to 10.867 MU indicating inadequate monitoring mechanism.

The Company stated (September 2010) that due to lack of trained manpower, all the systems for monitoring by top management were not yet implemented. The Company was, however, trying to set up a Management Information System (MIS) to report on achievements of targets and other aspects. The financial and operational performance was now being discussed by the Board of Directors.

### Conclusion

- As per NEP, over 1,000 units of power per capita should be provided by 2012. However, 470 units per capita would be available by 2012 in the State.
- The cost of own generation was 31 to 46 *per cent* below cost of purchases from central sector generating stations. However, the Company had entered into agreements to import more power from central sector allocations without undertaking cost benefit analysis.
- There was under-utilisation of the existing generation capacity as two GTPS units were not operated in spite of plant availability.
- Despite siltation at Gumti reservoir hampering generation capacity, remedial measures had not been taken up by the Company.
- In absence of compiled accounts from 2006-07 onwards, the actual financial position of the Company could not be assessed.
- The Company does not have any documented policy for sale of power through trading with regard to either quantum of power to be traded or minimum floor prices for power traded.

- The Company had not correctly assessed its gas requirement which resulted in short supply of gas. Besides, delay in tie-up of gas supply on price considerations led to generation loss of 48.34 MU during the review period.
- Gas consumption exceeded CERC norms leading to additional expenditure of ₹ 41.80 crore during the review period.
- The Company has not rationalised its excess manpower as per CEA norms, thereby increasing the cost of operation.
- The PLF at Baramura and Rokhia GTPS was higher than the corresponding national average in all five years whereas at Gumti Hydro, it exceeded the comparable national average in three of five years.
- The Company had not only delayed filing tariff petitions with TERC for 2005-06 and 2006-07 but was also unable to seek revised tariffs thereafter due to non-preparation of accounts.
- The Company had not installed online monitoring equipment to measure emissions or set up monitoring stations to evaluate ambient air quality.
- The Company had not registered its new plants under the Clean Development Mechanism to avail benefit of carbon credits.
- The Company had not explored the possibility of harnessing the waste heat through waste heat recovery plants.
- The Company had not put in place MIS system for monitoring and for follow-up on the operational and financial performance by the top management despite engaging a consultant for that purpose.

### Recommendations

- The Company may formulate a comprehensive plan for capacity addition to ensure energy availability required as per NEP.
- The Company may have a policy for capacity addition either by way of own generation or through allocation of central sector only after detailed cost benefit analysis.
- The Company may un-bundle its generation, transmission, distribution and trading activities in line with the Electricity Act, 2003.
- The Company may ensure maintenance and compilation of accounts in time and pull up the arrears in accounts in a time bound manner. The Company should also follow an activity based accounting system for segment reporting.

- The Company may delineate a policy for trading of power in respect of quantum of power to be traded and minimum floor prices for power being traded.
- The Company may take immediate steps to reduce its excess manpower as per CEA norms by formulating suitable schemes.
- The Company may take action in line with TERC's regulations in regard to tariff fixation.
- The Company may explore the possibility of availing carbon credits and harnessing waste heat through recovery plants.
- The Company may ensure regular reporting and monitoring of financial/operational performance as well as put in place a follow up mechanism to ensure achievement of desired objectives.
- The Company may consider conducting training programmes for employees in Information Technology.

**SECTION - B**  
**POWER DEPARTMENT**  
**(Tripura State Electricity Corporation Limited)**

**5.3 Additional expenditure on purchase of less efficient transformers**

**Failure of the Company to consider the capitalised value of inherent losses while evaluating the offers for purchase of distribution transformers resulted in incurring of additional expenditure of ₹ 22.69 lakh on the purchase of 100 transformers.**

Tripura State Electricity Corporation Limited (Company) floated (September/ November 2007) tenders for purchase of 250 distribution transformers of 100 KVA capacity at an estimated cost of ₹ 3.02 crore.

Distribution transformers are static equipment for stepping down voltages for supply to consumers. All these transformers incur inherent losses comprising of 'No-Load Losses' i.e. the power required to energise the core of the transformers and 'Load Losses' i.e. additional losses occurring as a result of load currents flowing through the transformer, based on the resistance of the winding conductors. Thus, while procuring transformers, as a general rule<sup>26</sup> their effective costs should be determined by adding the capitalised value<sup>27</sup> of these inherent losses to the initial cost<sup>28</sup> of transformers.

Scrutiny (April-May 2010) of records of the Company revealed that the Company received offers from five<sup>29</sup> eligible bidders in which the initial cost per transformer of 100 KVA capacity ranged from ₹ 0.83 lakh to ₹ 1.22 lakh. The Company issued (July 2008) supply orders to the lowest tenderer, M/s East India Udyog Limited for supply of 150 transformers of 100 KVA capacity at ₹ 82,820/- each and also to M/s Prag Electricals Private Limited for supply of 100 transformers of 100 KVA capacity at the negotiated price of ₹ 82,820/- each, aggregating to ₹ 2.07 crore. Between October 2008 and September 2009, the Company had taken delivery of 216 transformers (116 from M/S East India Udyog Limited and 100 from M/s Prag Electricals Private Limited) the value of which was ₹ 1.76 crore<sup>30</sup>.

It was noticed that while evaluating the offers, the Company considered only the initial cost but did not consider the capitalised value of inherent losses since the notice inviting tender contained no provision for consideration of these losses. It was seen from the type test certificates submitted by the manufacturers that the effective cost of 100 KVA transformers supplied by M/S Prag Electricals Private Limited was higher

<sup>26</sup> REC construction standard K-5/1997(R-1999) and CEA guidelines of August 2008.

<sup>27</sup> Net present value of energy losses based on 8,400 hours of operation, cost of energy (₹ 3.60 per unit), equipment life (25 years), rate of return (10.5 per cent) and average load factor (0.6) working out to ₹ 264.27 per watt of 'no load' losses and ₹ 114.16 per watt of 'load' losses.

<sup>28</sup> Includes supplier's price, taxes, duties, freight and insurance.

<sup>29</sup> Vijai Electricals Limited, East India Udyog Limited, Prag Electricals Private Limited, Abhay Transformers Private Limited and M & B Switch Gears Private Limited.

<sup>30</sup> ₹ 96.07 lakh to M/s East India Udyog Limited and ₹ 79.54 lakh to M/s Prag Electrical Private Limited (deducting ₹ 3.28 lakh as liquidated damages for delays in supply).



than those supplied by East India Udyog Limited by ₹ 22,689 per transformer, as detailed below:

Name of the tenderer	No-Load Loss ( in Watt )	Load Loss ( in Watt )	Initial cost (₹)	Capitalisation loss (₹)	Effective cost (4) + (5) (₹)
(1)	(2)	(3)	(4)	(5)	(6)
Prag Electricals Private Limited	247	1,744	82,820	2,64,376	3,47,196
East India Udyog Limited	197	1,661	82,820	2,41,687	3,24,507
<b>Difference</b>					<b>22,689</b>

Thus, failure of the Company to consider the capitalised value of inherent losses while evaluating the offers for purchase of distribution transformers resulted in incurring of additional expenditure of ₹ 22.69 lakh<sup>31</sup> on the purchase of 100 transformers from M/s Prag Electricals Private Limited.

The Management stated (September 2010) that the Company was enforcing the procedure for 'Loss Capitalisation' for procurement of all kinds of distribution transformers from the next tender process.

The matter was reported to the Government in July 2010; reply had not been received (October 2010).

## INDUSTRIES AND COMMERCE DEPARTMENT (Tripura Jute Mills Limited)

### 5.4 Excess expenditure due to defective contract management

**Failure of the Tripura Jute Mills Limited to specify validity period in the Notice Inviting Quotations and in the offers received from Assam-based suppliers, issue of piecemeal supply orders instead of whole quantity tendered for and release of payments prior to post shipment inspection of jute resulted in excess expenditure of ₹ 18.39 lakh.**

Tripura Jute Mills Limited (Company) purchased 1,795 MT *Tossa* jute during December 2005 to September 2006 at ₹ 2.75 crore. Scrutiny (May 2010) of records of the Company revealed the following:

(a) The Company issued (5 September 2005) supply orders for 250 MT *Tossa* jute of four grades to two Assam-based firms (125 MT each), based on their quotations of August 2005 for supplying 600 MT jute. On observing an upward trend in raw jute prices, the Company issued supply orders, within two days (7 September 2005), to the same firms for additional 350 MT jute (175 MT each). Since neither the Notice Inviting Quotations (NIQ) nor the offers specified validity period of offer, both firms sought (September 2005) enhancement of rates by ₹ 225/- per quintal for each grade. But the Company did not agree to enhance the rates.

Instead, the Company invited (November 2005) fresh quotations for supply of 500 MT *Tossa* jute of four grades F.O.R. company premises with provision for joint

<sup>31</sup> ₹ 22,689 X 100.

inspection by the Company and the supplier(s) before payment. Out of six bids received, the rates of M/S Uttara Pat Sangstha, Bangladesh (UPSB), received through M/S Pratistha Enterprise, Kolkata (an Indian agent of UPSB), being the lowest the Company placed three supply orders between December 2005 and May 2006 to UPSB for 630 MT *Tossa* jute of three grades; payment was to be made through bank against letter of credit (LC). The Company received (January-June 2006) 620.4051 MT jute at a landed cost of ₹ 1.10 crore.

It was noticed that the rates of jute purchased from UPSB were higher than the rates offered (August 2005) by the Assam-based firms for equivalent Indian grades by 13 to 24 *per cent*. Thus, failure to specify validity period in the NIQ as well as in the offers and issue of piecemeal supply orders instead of the whole quantity tendered for the Company had incurred excess expenditure of ₹ 8.86 lakh, as detailed in **Appendix - 5.13**.

The Government in reply stated (September 2010) that since the rates quoted by the Assam-based firms in August 2005 were higher than the rates of 2004-05, the Company had not placed orders for the full quantity initially with the expectation that the prices would come down. Due to abnormal price situation, a fresh tender was invited subsequently, wherein the lowest rate from a firm in Bangladesh was selected. The reply is not acceptable as although the prices of jute had started going up since 2004-05 and peaked in 2005-06, the Company still issued supply orders in a piecemeal manner without analysing the market trends of jute prices. Ultimately, the Company had to purchase jute at prices that were higher by about 13 to 24 *per cent*.

(b) For procurement of 1,200 MT *Tossa* jute or equivalent export quality/ grade jute during 2006-07, the Company invited (August 2006) quotations. The NIQ, *inter alia*, provided that offers from Indian importers/ Bangladeshi exporters mention status of their quoted grades *vis-à-vis* Indian Standard Grade along with document containing the quality specifications as per Bangladesh Standard as well as mutual inspection of each consignment at Company premises for assessment of quality/ grade. Of the seven bids received, the offers of M/S Paul & Co., Bangladesh (PCB) received through M/S Pratistha Enterprise, Kolkata (an Indian agent of PCB) were the lowest. The Company issued (September 2006) supply orders to the firm for 1,200 MT jute of four grades and opened (September 2006) an irrevocable letter of credit (LC) with bank. The clauses of the LC *inter alia* specified inspection on receipt of jute supplied at the Company's premises, to finally assess quality/ grade of each consignment in the presence of PCB's representative.


At the instance of PCB, the Company deleted (September 2006) the clauses of the LC regarding final inspection at Company's premises. Instead, it was agreed upon that final invoice would be settled on pre-shipment inspection carried out by a surveyor for quality, weight and moisture. During September to November 2006, PCB supplied 1,174.603 MT jute at a landed cost of ₹ 1.66 crore. The Company observed (January 2007) that out of 832.146 MT of grades BTR(KS) and BTR(CS) received (at landed cost of ₹ 1.19 crore), 5 to 10 *per cent* was fibre other than *Tossa* variety and 15

to 20 *per cent* of the supplied quantity was below specified grade. Though the Company requested (January 2007) PCB to send a representative to carry out joint inspection to settle the matter, no response was received from PCB. Due to inclusion of fibre other than *Tossa* variety and below specified grade in the supplied consignments, the Company incurred excess expenditure of ₹ 9.53 lakh. The Company's Board observed (July 2007) that poor quality Bangladesh jute had hampered production causing problems for good spinning.

In reply, the Government stated (September 2010) that since post-shipment mutual inspection at the Company's premises was objected to by PCB, there was no option but to accept pre-shipment inspection by a neutral inspection agency. The quality of the imported jute was acceptable. The reply is not acceptable as the Company had agreed to pre-shipment inspection through an agency nominated by the supplier instead of the post-shipment joint inspection originally agreed upon leading to supply of inferior material. We observed that the Company had lodged (December 2006/January 2007) complaints with the bank to withhold payments against LC on account of sub-standard quality of jute and the supplier, but no positive outcome was noticed.

Thus, failure to specify validity period in the Notice Inviting Quotations and in the offers received from Assam-based suppliers, issue of piecemeal supply orders instead of whole quantity tendered for and release of payments prior to post shipment inspection of jute resulted in excess expenditure of ₹ 18.39 lakh<sup>32</sup>.

Agartala  
The

  
(John K. Sellate)  
Accountant General (Audit),  
Tripura, Agartala

Countersigned

New Delhi  
The

  
(Vinod Rai)  
Comptroller and Auditor General of India

<sup>32</sup> (₹ 8.86 lakh + ₹ 9.53 lakh).

Appendix - 1.1

Position of Inspection to be done by various Inspecting officers like Inspector (Insp), Chief Inspector(CI), Sub-Divisional Controller(SDC), Asstt. Director (AD) and Officer-in-Charge (OC-ARA) during July 2006 to March 2010

(Reference: Paragraph 1.1.11.1)

AGARTALA RATIONING AUTHORITY

Month	No of Months	No of Inspectors	No of Inspection	No of CI	No of Inspection	No of AD/ SDC	No of Inspection	No of OC	No of Inspection	Total no. of Inspection to be done			
										Inspectors	CI	AD/ SDC	OC
7/2006 to 9/2006	4	6	15	1	10	0	0	1	7	360	40	0	28
11/2006 to 12/2006	2	6	25	1	15	0	0	1	10	300	30	0	20
1/2007 to 12/2007	12	6	25	1	15	0	0	1	10	1800	180	0	120
1/2008 to 3/2008	3	6	25	1	15	0	0	1	10	450	45	0	30
4/2008 to 12/2008	9	6	25	1	15	0	0	1	10	1350	135	0	90
1/2009 to 12/2009	12	6	25	1	15	0	0	1	10	1800	180	0	120
1/2010 to 3/2010	3	6	25	1	15	0	0	1	10	450	45	0	30
<b>REST OF THE STATE</b>													
7/2006 to 3/2010	45	42	15	5	10	23	5	0	0	28,350	2,250	5,175	0
													<b>43,378</b>

## Appendix - 1.2

**Position of Inspections done by various Inspecting officers (Inspector, Chief Inspector, Sub-Divisional Controller, Asstt. Director and Officer-in-Charge (of ARA) during July 2006 to March 2010**

*(Reference: Paragraph 1.1.11.1)*

Period	No of inspection conducted	No of raids conducted	Total
7/2006-9/2006	2390	24	2414
10/2006-12/2006	2349	30	2379
1/2007-3/2007	2166	42	2208
4/2007 to 6/2007	2439	63	2502
7/2007 to 9/2007	2303	163	2466
10/2007 to 12/2007	2502	279	2781
1/2008 to 3/2008	2027	144	2171
4/2008 to 6/2008	2678	0	2678
7/2008 to 9/2008	2584	141	2725
10/2008 to 12/2008	2501	61	2562
1/2009 to 3/2009	2362	48	2410
4/2009 to 6/2009	1959	36	1995
7/2009 to 10/2009	2833	99	2932
10/2009 to 12/2009	2957	76	3033
1/2010 to 3/2010	3185	83	3268
	<b>37,235</b>	<b>1,289</b>	<b>38,524</b>

## Appendix - 1.3

**Statement showing the position of commodities/ goods seized during inspections  
of FPSs between 2005-06 and 2009-10**

*(Reference: Paragraph 1.1.11.2)*

Period	Goods seized			
	Sugar (in kg)	Rice (in kg)	K. Oil (in ltrs)	Atta (in kg)
4/2005 to 3/2006	200	2000	2425	00
4/2006 to 6/2006	00	1830	651	00
7/2006 to 9/2006	00	311	152	00
10/2006 to 12/2006	350	1354	830	00
1/2007 to 3/2007	00	1626	850	00
4/2007 to 6/2007	00	3458	1360	00
7/2007 to 9/2007	100	4080	2066	00
10/2007 to 12/2007	00	1830	257	00
1/2008 to 3/2008	950	150	307	00
4/2008 to 6/2008	00	1392	840	00
7/2008 to 9/2008	00	15833	410	00
10/2008 to 12/2008	470	3846	4978	00
1/2009 to 3/2009	00	11414	1490	00
4/2009 to 6/2009	200	5420	200	00
7/2009 to 9/2009	1000	3835	1164	00
10/2009 to 12/2009	650	3510	2410	200
1/2010 to 3/ 2010	700	5190	2985	650
<b>Total</b>	<b>4620</b>	<b>67079</b>	<b>23375</b>	<b>850</b>
<b>Value:*</b>	<b>₹ 62370</b>	<b>₹ 637251</b>	<b>₹ 223421</b>	<b>₹ 7650</b>
<b>Total:</b>	<b>₹ 9,30,692.00</b>			

\* Retail sale price through FPSs.



**Appendix - 1.4**  
**Action taken by the Department against malpractice of dealers of Fair Price**  
**Shops during April 2005 to March 2010**

*(Reference: Paragraph 1.1.11.2)*

Period	Number of persons arrested	Number of license suspended	Number of license cancelled	Number of show cause notice issued
4/2005 to 6/2005	1	4	4	54
7/2005 to 9/2005	2	2	--	45
10/2005 to 12/2005	-	--	--	34
1/2006 to 3/2006	-	2	2	40
4/2006 to 6/2006	4	2	--	50
7/2006 to 9/2006	--	3	--	63
10/2006 to 12/2006	--	2	2	44
1/2007 to 3/2007	1	2	2	75
4/2007 to 6/2007	1	3	4	63
7/2007 to 9/2007	4	5	7	71
10/2007 to 12/2007	2	4	1	60
1/2008 to 3/2008	--	--	5	94
4/2008 to 6/2008	--	5	11	139
7/2008 to 9/2008	2	19	13	152
10/2008 to 12/2008	3	11	5	118
1/2009 to 3/2009	2	4	1	123
4/2009 to 6/2009	7	9	6	210
7/2009 to 9/2009	5	9	5	128
10/2009 to 12/2009	1	6	2	157
1/2010 to 3/ 2010	4	2	3	177
	<b>39<sup>1</sup></b>	<b>94</b>	<b>73</b>	<b>1897</b>

<sup>1</sup> Out 39 arrested, 2 were convicted and 14 were prosecuted

**Appendix - 1.5****Position of Hill State Transport Subsidy bills during the period from 2005-06 to 2009-10 not reimbursed by the FCI***(Reference: Paragraph 1.1.15)*

Month in which bills preferred	Period of release order of food grains	Total numbers of bills	Amount claimed (Rupees in lakh)
4/2004 to 3/2005	3/1998 to 6/2004	67	123.76
2/2007	2/2004 to 1/2005	11	14.56
3/2007	7/2004 to 3/2005	10	11.82
3/2007	11/2004 to 12/2005	8	7.43
4/2007	12/2003 to 12/2004	17	8.99
6/2007	2/2004 to 1/2005	15	11.71
8/2007	7/2004 to 1/2005	9	13.86
9/2007	7/2005 to 12/2005	10	7.59
11/2007	11/2004 to 3/2005	10	5.98
1/2008	1/2006 to 4/2006	9	9.01
4/2008	7/2005 to 3/2006	9	6.84
5/2008	12/2005 to 4/2006	15	5.36
6/2008	4/2006 to 6/2006	8	5.70
8/2008	7/2005 to 4/2006	8	5.66
9/2008	10/2005 to 8/2006	7	5.61
8/2009	4/2005 to 7/2006	6	5.36
10/2009	6/2006 to 3/2007	10	6.60
11/2009	7/2006 to 2/2007	11	5.74
1/2010	12/2005 to 3/2007	8	5.10
3/2010	4/2005 to 4/2006	10	6.67
4/ 2010	4/2005 to 12/205	11	5.67
5/2010	6/2007 to 8/2008	10	3.25
5/2010	4/2007 to 8/2008	20	8.04
6/2010	4/2007 to 3/2008	27	6.87
6/2010	3/2008 to 7/2009	7	1.82
8/2010	9/2006 to 2/2007	15	5.46
8/2010	4/2005 to 12/2006	10	6.94
9/2010	6/2006 to 9/2006	10	5.67
		<b>368</b>	<b>317.07</b>

## Appendix - 1.6

**Year-wise position of Hill State Transport Subsidy claims during the period from 2005-06 to 2009-10 which were not preferred by the Department**

*(Reference: Paragraph 1.1.15)*

Years which the claims related	Numbers of claims not preferred
2004-05	24
2005-06	13
2006-07	155
2007-08	221
2008-09	60
2009-10	42
	515

**Appendix - 1.7****Statement showing the delay in submission of Progress Reports and Utilisation Certificates by the Department to GOI during 2009-10***(Reference: Paragraph 1.1.17.5)***A. Progress Report**

Progress report relating to the month of	Due month of submission	Actually submitted	Delay
April 2009	May 2009	January 2010	8 months
May 2009	June 2009	January 2010	7 months
June 2009	July 2009	January 2010	6 months
July 2009	August 2009	January 2010	5 months
August 2009	September 2009	January 2010	4 months
September 2009	October 2009	January 2010	3 months
October 2009	November 2009	March 2010	4 months
November 2009	December 2009	March 2010	3 months
December 2009	January 2010	March 2010	2 months

**B. Utilisation Certificate**

UC relating to the month of	Due month of submission	Actually submitted	Delay
April 2009	June 2009	February 2010	8 months
May 2009	July 2009	February 2010	7 months
June 2009	August 2009	February 2010	6 months
July 2009	September 2009	February 2010	5 months
August 2009	October 2009	February 2010	4 months
September 2009	November 2009	February 2010	3 months
October 2009	December 2009	April 2010	4 months
November 2009	January 2010	April 2010	3 months
December 2009	February 2010	April 2010	2 months

## Appendix - 2.1

**Statement showing details of funds withdrawn from the CD account of the  
Executive Engineer and misappropriated  
(Reference: Paragraph 2.1)**

Sl. No.	Cheque No & date	Amount as per counterfoil of cheque (₹)	Amount as per the cheque (₹)	Purpose of withdrawal (as per Cheque Issue Register)	Amount withdrawn (₹)	Date of withdrawal	Total amount of suspected misappropriation (₹)
1	051938 dt. 4-9-08	15,000	1,15,000	Self, O.Expenditure - scheme	1,15,000	4-9-08	1,15,000
2	051940 dt. 10-9-08	1965	71,965	Self, Electric charges	71,965	10-9-08	71,965
3	051959 dt. 21-10-08	54,852	4,54,852	Self, Challans	4,54,852	21-10-08	4,54,852
	<b>TOTAL</b>	<b>71,817</b>	<b>6,41,817</b>				<b>6,41,817</b>

**Appendix - 2.2**

*(Reference: Paragraph 2.2)*

**A- Statement showing quantity supplied by Firm-A as of June 2010, out of total 736 Km (286 Km + 450 Km) of pipes**

Dia of pipes (mm)	Ordered quantity (in Km)			Quantity supplied (in Km) as of June 2010 against quantity ordered in		
	7 February 2009	12 June 2009	Total	7 February 2009	12 June 2009	Total
90	141	180	221	141	145.793	286.793
110	100	180	280	100	84.010	184.010
140	45	90	135	45	52.278	97.278
<b>Total :</b>	<b>286</b>	<b>450</b>	<b>736</b>	<b>286</b>	<b>282.081</b>	<b>568.081</b>

**B- Statement showing quantity supplied by Firm-B as of June 2010, out of total 801.361 Km (351.361 Km + 450 Km) of pipes**

Dia of pipes (mm)	Quantity ordered in (in Km)			Quantity supplied (in Km) as of June 2010 against quantity ordered in		
	12 June 2009	18 June 2009		12 June 2009	18 June 2009	Total
90	180	160.892	340.892	179.979	136.389	316.368
110	180	122.318	312.318	179.979	107.218	287.197
140	90	68.151	158.151	89.791	57.187	146.978
<b>Total :</b>	<b>450</b>	<b>351.361</b>	<b>801.361</b>	<b>449.749</b>	<b>300.794</b>	<b>750.543</b>

**C- Statement showing amount of loss**

Dia of pipes (mm)	Ordered quantity (in Km)	Difference in rate per metre (in rupees)	Amount of loss (Rupees in crore)	
			On 731.830 Km supplied upto June 2010	On 900 Km ordered for
90	360	26.10 (128.00-101.90)	0.85	0.94
110	360	40.10 (186.00-145.90)	1.06	1.44
140	180	68.10 (305.10-236.90)	0.97	1.23
<b>Total :</b>	<b>900</b>		<b>2.88</b>	<b>3.61</b>



### Appendix - 2.3

(Reference: Paragraph 2.3)

**(A) Statement showing quantity of GC sheets procured against approved rates of 9 May 2007**

Name of the supplier	Rate approved (Rupees per MT)		Quantity ordered for (MT)		Quantity supplied (MT)		Total cost (Rupees in crore)
	0.40 mm	0.50 mm	0.40 mm	0.50 mm	0.40 mm	0.50 mm	
M/S Tata Steel Limited	54,076	-	1,000	-	975.501	-	5.28
M/S Evergrowing Iron & Finvest Private Limited, Agartala	56,634	54,173	1,500	-	1,499.800	-	8.49
<b>Total</b>			<b>2,500</b>	<b>-</b>	<b>2,475.301</b>	<b>-</b>	<b>13.77</b>

**(B) Statement showing quantity of GC sheets procured against approved rates of 8 March 2008**

Name of the supplier	Rate approved (Rupees per MT)		Quantity ordered for (MT)		Quantity supplied (MT)		Total cost (Rupees in crore)
	0.40 mm	0.50 mm	0.40 mm	0.50 mm	0.40 mm	0.50 mm	
M/S Tata Steel Limited	50,441	49,430	1,000	-	981.60	-	4.87
<b>Total</b>			<b>1,000</b>	<b>-</b>	<b>981.60</b>	<b>-</b>	<b>4.87</b>

**(C) Statement showing quantity of GC sheets procured against approved rates of 31 July 2008**

Name of the supplier	Rate approved (Rupees per MT)		Quantity ordered for (MT)		Quantity supplied (MT)		Total cost (Rupees in crore)
	0.40 mm	0.50 mm	0.40 mm	0.50 mm	0.40 mm	0.50 mm	
M/S Stelco Strips Limited, Ludhiana	57,688.55	56,379.58	1,050	315	1,045.336	313.045	7.80
M/S Evergrowing Iron & Finvest Private Limited, Agartala	59,996.09	58,634.76	1,950	585	1,949.680	584.950	15.13
<b>Total</b>			<b>3,000</b>	<b>900</b>	<b>2,995.016</b>	<b>897.995</b>	<b>22.93</b>

**(D) Statement showing calculation of loss of ₹ 1.48 crore**

Thick-ness of GC Sheet (in mm)	Quantity (in MT)	Approved rates (Rupees per MT) of			Difference of rate (Rupees per MT)	Loss (in rupees)
		M/S Stelco Strips Limited (31 July 2008)	M/S Evergrowing Iron & Finvest Private Limited (31 July 2008)	M/S Tata Steel Limited (8 March 2008)		
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
0.40	1,000.000	57,688.55	-	50,441	7,247.55 (Col.3 – Col. 5)	72,47,550 (Col.6 x Col. 2)
0.50	313.045	56,379.58	-	49,430	6,949.58 (Col.3 – Col. 5)	20,75,531 (Col.6 x Col. 2)
	584.950	-	58,634.76	49,430	9,204.76 (Col.4 – Col. 5)	53,84,324 (Col.6 x Col. 2)
<b>Total</b>	<b>1,897.995</b>					<b>148,07,405</b>

## Appendix - 2.4

Statement showing sinking depth completed against approved design

*(Reference: Paragraph 2.6)*

Name and No. of well	Sinking depth as per design (in metre)	Sinking done by NPCC Ltd. (in metre)	Sinking done by the 2 <sup>nd</sup> contractor (in metre)	Total depth sunk (in metre)	Decrease from the original design (in metre)
Abutment well (A1)	20.90	10.53	5.87	16.40	4.50
Pier well (P1)	26.30	18.80	0.10	18.90	7.40
Pier well (P2)	26.30	20.613	0.687	21.30	5.00
Abutment well (A2)	20.90	8.85	7.55	16.40	4.50

**Appendix - 2.5**  
(Reference: Paragraph 2.9)

**A. Estimated funds required for the Project was ₹ 7.66 crore for 1,088 selected units**

Sl. No.	Description of the items	Quantity (No.)	Rate (in rupees)	Total amount (in rupees)
1.	PC with pre-loaded LINUX	1088	27,400	2,98,11,200
2.	Laser Printer	1088	8,000	87,04,000
3.	UPS	1088	14,500	1,57,76,000
4.	Dial-up-modem	1040	1,500	15,60,000
5.	a) 16 Port Remote Access Server	40	1,55,000	62,00,000
	b) Dial-up-modem	4	1,500	6,000
6.	HRD & Training	-	-	73,50,000
7.	Application Software			72,00,000
<b>Total</b>				<b>7,66,07,200</b>

**B. Work order issued in June 2007 for supply in the 1<sup>st</sup> Phase**

Sl. No.	Description of the items	Quantity (No.)	Rate (in rupees)	Total amount (in rupees)
1.	PC with pre-loaded LINUX	138	27,400	37,81,200
2.	Laser Printer	138	8,000	11,04,000
3.	UPS	138	14,500	20,01,000
4.	Dial-up-modem	100	1,500	1,50,000
5.	16 Port Remote Access Server with built-in modems	13	1,55,000	20,15,000
6.	HRD & Training	-	-	7,40,000
7.	Application Software	-	-	72,00,000
<b>Total</b>				<b>169,91,200</b>

**C. Payment made to the firm till October 2008**

Sl. No.	Description of the items	Payment made (in rupees)		
		in August 2007 (50% mobilisation advance)	in October 2008	Total
1.	PC with pre-loaded LINUX	18,90,600	18,90,600	37,81,200
2.	Laser Printer	5,52,000	5,52,000	11,04,000
3.	UPS	10,00,500	10,00,500	20,01,000
4.	Dial-up-modem	75,000	75,000	1,50,000
5.	16 Port Remote Access Server with built-in modems	10,07,500	10,07,500	20,15,000
6.	HRD & Training	3,70,000	-	3,70,000
7.	Application Software	36,00,000	24,74,400	60,74,400
	<b>Total</b>	<b>84,95,600</b>	<b>70,00,000</b>	<b>154,96,600</b>

## Appendix - 2.6

**Statement showing cluster-wise details of Project cost, amount released and financial progress**  
*(Reference: Paragraph 2.10)*

(Rupees in lakh)

Sl. No.	Name of the cluster	Project cost	Share of			Amount released by				Financial target fixed	Amount released by Director to HCE	Financial progress reported to GOI in February 2009	
			Central	State	IA/ beneficiary*	Total	Central	State	IA/ beneficiary				Total
Phase I: NIL (Phase I of the programme was not implemented in Tripura. The programme started in Tripura with the implementation of Phase II onwards)													
Phase II:													
1	Nalchar	39.25	35.73	3.12	0.40	39.25	11.34	-	-	11.34	10.99	5.49	1.82
2	Govindapur	41.55	37.49	3.92	0.14	41.55	11.60	-	-	11.60	11.25	5.44	1.33
3	Natunnagar	55.00	50.97	3.62	0.40	55.00	16.39	-	-	16.39	17.65	6.05	9.09
4	Amarpur	54.20	49.11	4.74	0.36	54.20	13.16	-	-	13.16	13.17	5.69	1.29
Total Phase II		190.00	173.30	15.50	1.30	190.00	52.49	-	-	52.49	53.06	22.67	13.53
Phase III:													
5	Muhuripur	46.65	43.29	2.99	0.37	46.65	10.38	-	-	10.38	10.38	5.85	1.55
6	Shankhola	34.10	31.41	2.41	0.28	34.10	8.52	-	-	8.52	9.03	6.15	3.02
7	Halahali	41.15	37.89	2.94	0.32	41.15	9.63	-	-	9.63	9.63	5.78	2.19
8	Malaya	35.95	32.70	2.94	0.31	35.95	9.12	-	-	9.12	8.63	6.00	0.96
9	Munglakami	39.55	36.75	2.47	0.34	39.55	10.13	-	-	10.13	10.13	4.86	0.09
Total Phase III		197.40	182.04	13.75	1.62	197.40	47.78	-	-	47.78	47.80	28.64	7.81
Grand Total		397.40	355.34	29.25	2.92	397.40	100.27	-	-	100.27	100.86	51.31	21.34

\* Keeping in view the economic condition of the beneficiaries, the Government of Tripura has decided to bear the share of the beneficiaries.

### Appendix - 3.1

#### Year-wise vacancy position

(Reference: Paragraph 3.1.8)

Sl. No.	Category	Sanctioned strength	Vacancy Position				
			2005-06	2006-07	2007-08	2008-09	2009-10
1.	Addl. Director	1	1	1	1	1	1
2.	Joint Director	3	2	2	3	-	1
3.	Dy. Director	19	6	7	7	8	8
4.	Asstt. Director	58	25	28	28	29	35
5.	Dairy Officer	27	14	19	19	20	20
6.	Vety. Asstt. Surgeon	132	36	40	40	40	41
7.	Animal Resources Development Asstt.	712	97	176	192	230	253
<b>Total</b>		<b>952</b>	<b>181</b>	<b>273</b>	<b>290</b>	<b>328</b>	<b>359</b>

Source: Departmental records.

**Appendix - 3.2**  
**Statement showing production of milk, meat and egg**  
*(Reference: Paragraph 3.1.9.1)*

Year	Requirement as per ICMR norms*	Projected demand	Target	Achievement	Shortfall on target (per cent)	Shortfall on demand	Achievement with reference to ICMR requirement (per cent)
<b>Milk Production (MT)</b>							
2005-06	5,91,839	1,27,090	95,000	87,000	8,000 (8)	40090 (32)	14.69
2006-07	6,01,131	1,32,170	1,10,000	88,663	21,337 (19)	43507 (33)	14.75
2007-08	6,10,569	1,37,460	91,340	91,312	28 (0)	46148 (34)	14.96
2008-09	6,20,155	1,42,960	95,910	95,598	312 (0)	47362 (33)	15.42
2009-10	6,29,831	1,48,670	1,02,623	1,00,640	1983 (2)	48030 (32)	15.98
<b>Meat Production(MT)</b>							
2005-06	24,460	23,120	22,070	12,151	9,919 (45)	10969 (47)	49.68
2006-07	24,840	23,490	22,840	12,637	10,203 (45)	10853 (46)	50.87
2007-08	25,230	23,850	14,153	14,098	55 (0)	9752 (41)	55.88
2008-09	25,620	24,230	16,134	19,226	--	5004 (21)	75.04
2009-10	26,030	24,600	18,715	21,102	--	3498 (14)	81.07
<b>Egg production (lakh numbers)</b>							
2005-06	5,389	1,456	1,263	1,100	163 (13)	356 (24)	20.41
2006-07	5,474	1,566	1,806	1,193	613 (34)	373 (24)	21.79
2007-08	5,550	1,690	1,336	1,320	16 (1)	370 (22)	23.78
2008-09	5,647	1,830	1,536	1,389	147 (10)	441 (24)	24.60
2009-10	5,785	2,203	1,812	1,442	370 (20)	761 (35)	24.93

\* As projected in the Perspective Plan of the Department



**Appendix - 3.3**  
**Statement Showing Position of Shortfall of Human Resources in Hospitals and Dispensaries**  
*(Reference: Paragraph 3.1.9.7)*

Hospital	Requirement			Men-in-position			Shortfall		
	VAS	ARDA	Technician/ X-ray/Lab	VAS	ARDA	Technician/ X-ray/Lab	VAS	ARDA	Technician/ X-ray/Lab
State Hospital, Agartala	5	10	4	3	5	--	2	5	4
Veterinary Hospital, Bishalgarh	2	12	--	1	11	--	1	1	--
District Hospital, Udaipur	1	3	--	1	2	--	--	1	--
Veterinary Hospital, Amarpur	1	NA	NA	--	NA	NA	1	NA	NA
<b>Total</b>	<b>9</b>	<b>25</b>	<b>4</b>	<b>5</b>	<b>18</b>	<b>--</b>	<b>4</b>	<b>7</b>	<b>4</b>
<b>Dispensary (including SMSC)</b>									
Santir Bazar	1	12	--	--	6	--	1	6	--
Kakraban	1	9	--	1	5	--	--	4	--
Jamjuri	1	5	--	1	4	--	--	1	--
Bagma	1	6	--	1	4	--	--	2	--
VD, Gabrdi	1	2	--	--	1	--	1	1	--
VD, Jampuijala	1	2	--	--	1	--	1	1	--
VD, N.C. Nagar	1	2	--	--	1	--	1	1	--
VD, Kamalnagar	1	2	--	--	2	--	1	--	--
VD, Padmabill	1	2	--	--	1	--	1	1	--
<b>Total</b>	<b>9</b>	<b>42</b>	<b>--</b>	<b>3</b>	<b>25</b>	<b>--</b>	<b>6</b>	<b>17</b>	<b>--</b>

### Appendix - 3.4

#### Eggs production at District Poultry Farm, Udaipur (Reference: Paragraph 3.1.10.3)

Year	Average parent stock	Eggs to be produced	Eggs produced	Loss	
				Number	Amount (in ₹)
2005-06	1021	183780	122250	61530	92295
2006-07	802	144360	139125	5235	7853
2007-08	1293	232740	99648	133092	199638
2008-09	NIL				
2009-10	1493	268740	53691	215049	322573
<b>Total</b>	<b>4609</b>	<b>829620</b>	<b>414714</b>	<b>414906</b>	<b>622359</b>

### Appendix - 3.5

#### Chicks production at Gandhigram and Udaipur Poultry Farms

(Reference: Paragraph 3.1.10.3)

Year	Production of egg	Eggs to be set for hatching	Egg set for hatching	Chicks to be produced	chicks produced	Loss in duckling production	
						Number	Amount(₹)
1	2	3	4	5	6	7	8
<b>Chicks production at Gandhigram Poultry Farm</b>							
2006-07	151028	120822	82426(55)	65941	60488(73)	5453	27265
2007-08	244992	195994	126297(52)	101038	89496(71)	11542	57710
2008-09	633448	506758	238209(38)	190567	194026(81)	(-)3459*	(-) 17295*
2009-10	414349	331479	153945(37)	123156	106050(69)	17106	85530
<b>Total</b>	<b>1443817</b>	<b>1155053</b> (80% of Col.2)	<b>600877</b> (42% of Col.2)	<b>480702</b> (80% of Col.4)	<b>450060</b> (75% of Col.4)	<b>30642</b>	<b>152710</b>
<b>Chicks production at Udaipur Poultry Farm</b>							
2005-06	122250	97800	18961(9)	15169	13879(73)	1290	6450
2006-07	139125	111300	80070(72)	64056	62224(78)	1832	9160
2007-08	99648	79718	32840(41)	26272	22665(69)	3607	18035
2008-09	NIL						
2009-10	53691	42953	29385(68)	23508	19489(66)	4019	20095
<b>Total</b>	<b>414714</b>	<b>331771</b> (80% of Col.2)	<b>161256</b> (39% of Col.2)	<b>129005</b> (80% of Col.4)	<b>118257</b> (73% of Col.4)	<b>10748</b>	<b>53740</b>
<b>Grand Total</b>	<b>1858531</b>	<b>1486824</b>	<b>762133</b>	<b>609707</b>	<b>568317</b>	<b>41390</b>	<b>206450</b>

Source: Departmental records.

\*Production was excess than norm.

**Appendix - 3.6**  
**Eggs Production at R.K. Nagar and Debipur Duck Breeding Farms**  
*(Reference: Paragraph 3.1.10.4)*

Year	Average parent stock	Eggs to be produced	Eggs produced	Loss	
				Number	Amount(₹)
Eggs Production at R.K. Nagar Farm					
2005-06	3063	765750	455415	310335	775838
2006-07	3578	894500	377243	517257	1293142
2007-08	2543	635750	409598	226152	565380
2008-09	2375	593750	417631	176119	440298
2009-10	2346	586500	346302	240198	600495
Total	13905	3476250	2006189	1470061	3675153
Eggs Production at Debipur Farm					
2005-06	1107	276750	183890	92860	232150
2006-07	1328	332000	172567	159433	398582
2007-08	1008	252000	168741	83259	208147
2008-09	965	241250	121095	120155	300388
2009-10	850	212500	77551	134949	337373
Total	5258	1314500	723844	590656	1476640
Grand Total	19163	4790750	2730033	2060717	5151793

Source: Departmental records

## Appendix - 3.7

## Duckling Production at R.K. Nagar and Debipur Duck Breeding Farms

(Reference: Paragraph 3.1.10.4)

Year	Production of egg	Eggs to be set for hatching	Egg set for hatching	Duckling to be produced	Duckling produced	Loss in duckling production	
						Number	Amount (₹)
1	2	3	4	5	6	7	8
<b>Duckling Production at R.K. Nagar Farm</b>							
2005-06	455415	364332	164158	131326	95207	36119	288952
2006-07	377243	301794	116265	93012	81787	11225	89800
2007-08	409598	327678	116874	93499	84282	9217	73736
2008-09	417631	334105	93220	74576	60343	14233	113864
2009-10	346302	277042	103655	82924	64204	18720	149760
<b>Total</b>	<b>2006189</b>	<b>1604951</b> (80% of Col.2)	<b>594172</b> (30% of Col.2)	<b>475337</b> (80% of Col.4)	<b>385823</b> (65% of Col.4)	<b>89514</b>	<b>716112</b>
<b>Duckling production at Debipur Farm</b>							
2005-06	183890	147112	20015	16012	12020	3992	31936
2006-07	172567	138054	20127	16102	8931	7171	57368
2007-08	168741	134993	10548	8438	3985	4453	35624
2008-09	121673	97338	11900	9520	8565	955	7640
2009-10	77551	62041	3319	2655	2316	339	2712
<b>Total</b>	<b>724422</b>	<b>579538</b> (80% of Col.2)	<b>65909</b> (9.10% of Col.2)	<b>52727</b> (80% of Col.4)	<b>35817</b> (54% of Col.4)	<b>16910</b>	<b>135280</b>
<b>Grand Total</b>	<b>2730611</b>	<b>2184489</b>	<b>660081</b>	<b>528064</b>	<b>421640</b>	<b>106424</b>	<b>851392</b>

Source: Departmental records

## Appendix - 3.8

## Statement of Expenditure and Revenue earned in the 12 Government Livestock Farms

(Reference: Paragraph 3.1.10.7)

Sl. No.	Name of Farms	Total staff deployed		Expenditure			Revenue earned (Rupees in lakh) (Figures in bracket indicate percentage of revenue earned to total expenditure)
		Total	Labourers	Salary expenditure (Rupees in lakh)	Non-Salary expenditure (Rupees in lakh)	Total expenditure (Rupees in lakh)	
1.	R.K. Nagar	444	345	363.56	163.04	526.60	31.64 (6.01)
2.	Gandhigram	105	68	108.76	54.73	163.49	13.80 (8.44)
3.	CLF, Debipur	173	149	156.70	18.83	175.53	15.59 (8.88)
4.	DPF, Udaipur	19	8	24.95	6.05	31.00	1.22 (3.94)
5.	Howaibari Pig Farm, Teliamura	14	9	14.81	0.56	15.37	10.51 (68.38)
6.	Jalefa Pig Farm, Sabroom	7	5	5.13	0.18	5.31	5.40 (101.50)
7.	CLF, B.C. Manu	67	61	50.54	2.96	53.50	13.39 (25.03)
8.	Nalicherra Pig Farm, Ambassa	8	5	10.27	1.25	11.52	4.93 (42.80)
9.	Kanchanpur Pig Farm, Kanchanpur	7	5	5.20	5.76	10.96	4.72 (43.07)
10.	Nabincherra Pig Farm, Nabincherra	3	2	2.56	--	2.56	1.14 (44.53)
11.	R.P.B.F., Nalkata	57	47	29.82	5.26	35.08	31.82 (90.71)
12.	D.P.F., Panisagar	11	5	15.27	11.60	26.87	2.05 (7.63)
	<b>Total</b>	<b>915</b>	<b>709 (77%)</b>	<b>787.58</b>	<b>270.21</b>	<b>1057.78</b>	<b>136.21 (12.88)</b>

### Appendix - 4.1

Statement showing production prior to closure of production and after resumption of production of the Gemini Distilleries (Tripura) Private Ltd.

(Reference: Paragraph 4.3)

#### (I) Production prior to closure of production

Period	Production in BKL	Bottling fees @ ₹ 5/- per BKL	Production in cases	Warehousing fees @ ₹ 2/- per case	Total (₹)
4/08 to 01/09	12,93,085.20	64,65,426	1,46,955	2,93,910	
02/09	2,07,348.48	10,36,742	23,620	47,240	
03/09	2,15,242.92	10,76,215	24,465	48,930	
<b>Total (12 months)</b>	<b>17,15,676.60</b>	<b>85,78,383</b>	<b>1,95,040</b>	<b>3,90,080</b>	
<b>Average (per month)</b>	<b>1,42,973.05</b>	<b>7,14,865</b>	<b>16,253</b>	<b>32,507</b>	<b>7,47,372</b>

No production during 01.04.09 to 11.06.09 (2 months 11 days i.e., 71/30 months)

#### (II) Production after resumption of production

Period	Production in BKL	Bottling fees @ ₹ 5.50 per BKL	Production in cases	Warehousing fees @ ₹ 2/- per case	Total (₹)
12.06.09 to 30.06.09	1,25,102.88	6,88,066	14,235	28,470	
07/09	1,58,834.52	8,73,590	17,985	35,970	
08/09	2,73,258.36	15,02,921	31,039	62,078	
09/09	1,91,048.40	10,50,766	21,681	43,362	
10/09	1,66,949.64	9,18,223	19,008	38,016	
11/09	1,08,276.48	5,95,521	12,238	24,476	
12/09	1,19,679.84	6,58,239	13,516	27,032	
01/10	1,58,518.08	8,71,849	17,930	35,860	
<b>Total (7 months 19 days i.e., 229/30 months)</b>	<b>13,01,668.20</b>	<b>71,59,175</b>	<b>1,47,632</b>	<b>2,95,264</b>	
<b>Average (per month)</b>	<b>1,70,598.27</b>	<b>9,38,293</b>	<b>19,349</b>	<b>38,698</b>	<b>9,76,991</b>

#### (III) Minimum and maximum loss

Period	Production in BKL	Bottling fees	Production in cases	Warehousing fees	Total (₹)
01.04.09 to 11.06.09 (71/30 months). <b>Minimum loss</b> taking into account of average worked out at (I) above.	3,38,369.55	16,91,847	38,465	76,933	<b>17,68,780</b>
01.04.09 to 11.06.09 (71/30 months). <b>Maximum loss</b> taking into account of average worked out at (II) above.	4,03,750.30	22,20,627	45,793	91,586	<b>23,12,213</b>



## Appendix - 4.2

(Reference: Paragraph 4.3)

### (A) Bid money/ licence fee paid by the Gemini Distilleries (Tripura) Private Ltd. during 2003-04 to 2009-10

Year	Bid money/ licence fee	Amount (Rupees in lakh)	Percentage of increase
2002-03	Bid money	4.84	--
2003-04	Bid money	4.84	--
2004-05	Licence fee	7.84	61.98
2005-06	Licence fee	10.06	28.32
2006-07	Licence fee	11.47	14.02
2007-08	Licence fee	13.16 (reduced to ₹ 1.50 lakh from 02-07-07)	14.73
2008-09	Licence fee	1.50	-
2009-10	Licence fee	1.80	20.00

### (B) Loss of revenue due to reduction of licence fee

(Rupees in lakh)

Year	Rate of licence fee by increasing 20% of the previous year's approved rate	Reduced rate of licence fee	Difference	Period of effect	Loss of revenue
2007-08	13.16	1.50 (from 2.7.07)	11.66	273 days (2.7.07 to 31.3.08)	8.72*
2008-09	15.79	1.50	14.29	1 year	14.29
2009-10	18.95	1.80	17.15	1 year	17.15
<b>Total</b>					<b>40.16</b>

\* ₹11.66 lakh X 273/365 = ₹ 8.72 lakh

**Appendix - 4.3**  
**Statement showing short levy of sales tax/VAT, short realisation/non-realisation of additional sales tax, interest and penalty**  
*(Reference: Paragraph 4.4)*

SL. No	Name of the dealer	Number of assessment cases	Period of assessment	Date of assessment	Short realisation				
					Sales tax/VAT	Additional sales tax	Interest	Penalty	Total
Superintendent of Taxes, Charge-I, Agartala									
1	M/S S.G.M. Enterprise	1	2005-06	15-06-2007	1.48	--	0.64	--	2.12
2	M/S Pawan Auto Spares	2	2005-06	29-09-2008	0.54	--	0.55	--	1.09
Superintendent of Taxes, Charge-II, Agartala									
3	M/S Tirthamayee Enterprise	3	2005-06	30-05-2007	7.81	--	--	--	7.81
4	M/S Padma Hardware stores	4	2005-06	28-11-2007	0.48	--	0.39	0.02	0.89
5	M/S Gopal Retail Pvt. Ltd.	5	2008-09	12-08-2009	--	--	0.19	--	0.19
6	M/S P.B. Sanitary	6	2005-06	06-08-2009	--	--	0.11	--	0.11
		7	2006-07						
		8	2007-08						
Superintendent of Taxes, Charge-III, Agartala									
7	M/S New Kalimata Stores	9	2006-07	NA	0.04	--	--	--	0.04
8	M/S New Rajmandir Electronics	10	2004-05	29-12-2005	1.05	--	1.23	1.58	3.86
9	M/S S.K. Banik	11	2007-08	28-01-2009	--	--	2.33	--	2.33
10	M/S MLS International	12	2005-06	06-08-2009	--	--	--	25.17	25.17
		13	2006-07						
		14	2007-08						
		15	2008-09						
11	M/S Diptanu Varieties	16	2007-08	NA	--	--	--	0.26	0.26
		17	2008-09						
12	M/S Loknath Electricals and Electronics	18	2005-06	23-06-2009	--	--	--	1.35	1.35
		19	2006-07						
		20	2007-08						
		21	2008-09						

### Appendix - 4.3 (Contd.)

SL. No	Name of the dealer	Number of assessment cases	Period of assessment	Date of assessment	Short realisation			
					Sales tax/ VAT	Additional sales tax	Interest	Penalty
13	M/S Swapan Ray Chowdhury	22	2005-06	July 2009	--	--	--	0.76
		23	2006-07					
		24	2007-08					
		25	2008-09					
<b>Superintendent of Taxes, Charge-IV, Agartala</b>								
14	M/S G.L. Agarwala	26	2005-06	24-08-2009	10.82	--	3.84	6.00
		27	2006-07					20.66
		28	2007-08					
15	M/S Indrajit Mehata Construction Pvt.Ltd.	29	2005-06	15-03-2008	2.37	--	1.72	2.99
		30	2006-07					7.08
16	M/S Assam Valley Construction Co.	31	2005-06	24-08-2009	3.12	--	1.56	1.40
		32	2006-07					6.08
		33	2007-08					
17	M/S Hindustan Roadways	34	NA	NA	0.01	--	0.04	--
<b>Superintendent of Taxes, Charge-V, Agartala</b>								
18	M/S National Electronics	36	2005-06	17-11-2009	1.58	--	0.80	0.14
		37	2006-07					2.52
		38	2007-08					
		39	2008-09					
19	M/S Tripura Engineers Pvt. Ltd. (TEPL)	40	2000-01	06-07-2009	0.99	--	1.39	--
		41	2001-02					2.38
		42	2002-03					
		43	2003-04					
		44	2004-05					
20	M/S Laxmi Enterprise	45	2007-08	05-10-2009	0.72	--	0.16	0.01
		46	2008-09					0.89

### Appendix - 4.3 (Contd.)

SL. No	Name of the dealer	Number of assessment cases	Period of assessment	Date of assessment	Short realisation				
					Sales tax/ VAT	Additional sales tax	Interest	Penalty	Total
21	M/S Tripura Jute Mills Ltd.	47	1995-96	30-05-2009	--	19.56	--	--	19.56
		48	1996-97						
		49	1997-98						
		50	1998-99						
		51	1999-00						
		52	2000-01						
		53	2001-02						
		54	2002-03						
		55	2003-04						
		56	2004-05						
Superintendent of Taxes, Udaipur									
22	M/S Spare House	57	2006-07	19-12-2009	0.37	--	0.11	--	0.48
		58	2007-08						
23	M/S Plaza Enterprise	59	2005-06	03-08-2009	0.20	--	0.06	0.02	0.28
		60	2006-07						
		61	2007-08						
		62	2008-09						
24	M/S Bidhu Bina Traders	63	2005-06	30-04-09	--	--	0.07	--	0.07
		64	2006-07						
		65	2007-08						
25	M/S Chandra Tara Stores	66	2005-06	18-04-09	--	--	0.03	--	0.03
		67	2006-07						
26	M/S Arati Agency	68	2006-07	27-01-09	--	--	0.03	--	0.03
27	M/S Amitabha Ghosh & Brothers	69	2006-07	30-07-09	--	--	0.01	--	0.01
28	M/S Rekha Electric	70	2005-06	12-03-09	--	--	0.04	--	0.04
		71	2006-07						
		72	2007-08						

### Appendix - 4.3 (Concl.)

SL. No	Name of the dealer	Number of assessment cases	Period of assessment	Date of assessment	Short realisation				
					Sales tax/VAT	Additional sales tax	Interest	Penalty	Total
29	M/s Sahara Industrial Syndicate	73	2005-06	16-03-09	--	--	0.01	--	0.01
Superintendent of Taxes, Ambassa									
30	M/S Subhash Podder	74	2001-02	25-01-2007	2.45	--	--	--	2.45
		75	2002-03						
		76	2003-04						
		77	2004-05						
31	M/S NERAMAC Limited	78	1996-97	12-05-2008	0.29	2.26	--	--	2.55
		79	1997-98						
		80	1998-99						
		81	1999-00						
		82	2000-01						
		83	2001-02						
		84	2002-03						
		85	2003-04						
		86	2004-05						
Grand Total					34.32	21.82	15.32	39.70	111.16

## Appendix - 5.1

## Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2010 in respect of Government companies and Statutory corporations)

(Reference : Paragraph 5.1.7)

(Figures in column 5 (a) to 6 (c) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	State Government	Central Government	Others	Total	Loans <sup>**</sup> State Government	Central Government	Others	Total	Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees) (as on 31.3.2010)
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED													
1.	Tripura Forest Development & Plantation Corporation Limited (TFDPCL)	FOREST	26.03.76	8.90	0.30	-	9.20	-	-	-	-	-	223
2.	Tripura Horticulture Corporation Limited (THCL)	AGRICULTURE	07.04.87	1.68	-	-	1.68	-	-	-	-	-	99
3.	Tripura Tea Development Corporation Limited (TTDCL)	INDUSTRIES & COMMERCE	11.08.80	24.60	-	-	24.60	-	-	-	-	-	763
Sector wise total				35.18	0.30	-	35.48	-	-	-	-	-	1,085
FINANCING													
4.	Tripura Handloom & Handicrafts Development Corporation Limited (THHDCL)	INDUSTRIES & COMMERCE	5.09.74	30.91	0.78	0.04	31.73	-	-	-	-	-	292
5.	Tripura Industrial Development Corporation Limited (TIDCL)	-DO-	28.03.74	16.10	-	1.64	17.74	-	-	-	-	-	34
6.	Tripura Rehabilitation Plantation Corporation Limited (TRPCL)	TRIBAL WELFARE (TRP&PGP)	03.02.83	4.58	-	-	4.58	-	-	0.36	0.36	0.08:1 (-)	181
Sector wise total				51.59	0.78	1.68	54.05	-	-	0.36	0.36	0.01:1 (0.14:1)	507
MANUFACTURE													
7.	Tripura Jute Mills Limited (TJML)	INDUSTRIES & COMMERCE	10.10.74	133.99	-	-	133.99	1.05	-	-	1.05	0.01:1 (0.01:1)	1,210
8.	Tripura Small Industries Corporation Limited (TSICL)	-DO-	30.04.65	35.84	-	-	35.84	-	-	-	-	-	240
Sector wise total				169.83	-	-	169.83	1.05	-	-	1.05	0.01:1 (0.01:1)	1,450
POWER													
9.	Tripura State Electricity Corporation Limited (TSECL)	POWER	09.06.04	109.29	-	-	109.29	106.21	-	-	106.21	0.97:1 (0.82:1)	4,465
Sector wise total				109.29	-	-	109.29	106.21	-	-	106.21	0.97:1 (0.82:1)	4,465
SERVICE													
10.	North Eastern Industrial Consultants Limited (NEICL)	INDUSTRIES & COMMERCE	31.07.87	-	-	0.21	0.21	-	-	-	-	-	24
11.	Tripura Tourism Development Corporation Limited (T2DCL)	INFORMATION, CULTURAL AFFAIRS & TOURISM	03.06.09	0.20	-	-	0.20	-	-	-	-	-	122
Sector wise total				0.20	-	0.21	0.41	-	-	-	-	-	146
MISCELLANEOUS													
12.	Tripura Natural Gas Company Limited (TNGCL)	INDUSTRIES & COMMERCE	10.07.90	-	-	1.39	1.39	-	-	0.50	0.50	0.36:1 (0.36:1)	16
Sector wise total				-	-	1.39	1.39	-	-	0.50	0.50	0.36:1 (0.36:1)	16
Total A (All sector wise working Government companies)				366.09	1.08	3.28	370.45	107.26	-	0.86	108.12	0.29:1 (0.29:1)	7,669

**Appendix - 5.1 (Concl'd.)**  
**Statement showing particulars of up to date paid-up capital, loans outstanding and Manpower as on 31 March 2010 in respect of Government companies and Statutory corporations)**  
*(Reference : Paragraph 5.1.7)*

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Paid-up Capital <sup>§</sup>				Loans <sup>**</sup> outstanding at the close of 2009-10				Debt equity ratio for 2009-10 (Previous year)	Manpower (No. of employees) (as on 31.3.2010)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	5 (e)	6 (a)	6 (b)	6 (c)	(7)	(8)
<b>B. Working Statutory corporation</b>													
SERVICE													
I.	Tripura Road Transport Corporation (TRTC)	TRANSPORT	23.10.69	151.11	3.64	-	154.75	0.25	-	-	0.25	Negligible	645
<b>Sector wise total</b>				151.11	3.64	-	154.75	0.25	-	-	0.25	Negligible	645
<b>Total B (All sector wise working Statutory corporations)</b>				151.11	3.64	-	154.75	0.25	-	-	0.25	Negligible	645
<b>Grand Total (A + B)</b>				<b>517.20</b>	<b>4.72</b>	<b>3.28</b>	<b>525.20</b>	<b>107.51</b>	<b>-</b>	<b>0.86</b>	<b>108.37</b>	<b>0.21:1 (0.20:1)</b>	<b>8,314</b>
<b>C. Non working Government companies</b>													
FINANCING													
I.	Tripura State Bank Limited (TSBL)	FINANCE	Not available	0.04	-	-	0.04	-	-	-	-	-	-
<b>Sector wise total</b>				<b>0.04</b>	-	-	<b>0.04</b>	-	-	-	-	-	-
<b>Total C (All sector wise non working Government companies)</b>				<b>0.04</b>	-	-	<b>0.04</b>	-	-	-	-	-	-
<b>Grand Total (A + B + C)</b>				<b>517.24</b>	<b>4.72</b>	<b>3.28</b>	<b>525.24</b>	<b>107.51</b>	<b>-</b>	<b>0.86</b>	<b>108.37</b>	<b>(0.21:1) (0.20:1)</b>	<b>8,314</b>

§ Above includes Section 619-B companies at Sr. Nos. A(10) and A(11).

§ Paid-up capital includes share application money.

\*\* Loans outstanding at the close of 2008-09 represent long-term loans only.  
Information furnished by PSUs except serial C(I).



Appendix - 5.2

Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2010  
(Reference : Paragraph 5.1.10)

(Figures in column 3 (a) to 6 (d) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year <sup>@</sup>		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
<b>A. Working Government Companies</b>													
<b>AGRICULTURE &amp; ALLIED</b>													
1.	TFDPCL	-	-	-	-	-	-	-	-	-	-	-	-
2.	THCL	0.05	-	-	-	-	-	-	-	-	-	-	-
3.	TTDCL	2.94	-	-	-	-	-	-	-	-	-	-	-
<b>Sector wise total</b>		<b>2.99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FINANCING</b>													
4.	THHDCL	3.88	-	-	-	-	-	-	-	-	-	-	-
5.	TIDCL	0.95	-	-	-	-	-	-	-	-	-	-	-
6.	TRPCL	-	-	1.27	1.50	-	2.77	-	-	-	-	-	-
<b>Sector wise total</b>		<b>4.83</b>	<b>-</b>	<b>1.27</b>	<b>1.50</b>	<b>-</b>	<b>2.77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MANUFACTURE</b>													
7.	TIJML	12.93	-	-	-	-	-	-	-	-	-	-	-
8.	TSICL	3.84	-	-	-	-	-	-	-	-	-	-	-
<b>Sector wise total</b>		<b>16.77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>POWER</b>													
9.	TSECL	-	16.50	-	126.77	-	126.77	-	-	-	-	-	-
<b>Sector wise total</b>		<b>-</b>	<b>16.50</b>	<b>-</b>	<b>126.77</b>	<b>-</b>	<b>126.77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SERVICES</b>													
10.	NEICL	-	-	-	-	-	-	-	-	-	-	-	-
11.	T2DCL	0.20	-	13.44	0.35	-	13.79	-	-	-	-	-	-
<b>Sector wise total</b>		<b>0.20</b>	<b>-</b>	<b>13.44</b>	<b>0.35</b>	<b>-</b>	<b>13.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MISCELLANEOUS</b>													
11.	TNGCL	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sector wise total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total A (All sector wise working Government companies)</b>		<b>24.79</b>	<b>16.50</b>	<b>14.71</b>	<b>128.62</b>	<b>-</b>	<b>143.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Appendix - 5.2 (Concl'd.)**  
**Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2010**  
*(Reference : Paragraph 5.1.10)*

Sl. No.	Sector & Name of the Company	Equity/ loans received out of budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year @		Waiver of dues during the year			
		Equity	Loans	Central Government	State Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
(1)	(2)	3 (a)	3 (b)	4 (a)	4 (b)	4 (c)	4 (d)	5 (a)	5 (b)	6 (a)	6 (b)	6 (c)	6 (d)
<b>B. Working Statutory corporation</b>													
1.	TRTC	1.00	-	-	10.94	-	10.94	-	-	-	-	-	-
<b>Sector wise total</b>		1.00	-	-	10.94	-	10.94	-	-	-	-	-	-
<b>Total B (All sector wise working Statutory corporation)</b>		1.00	-	-	10.94	-	10.94	-	-	-	-	-	-
<b>Grand Total (A + B)</b>		25.79	16.50	14.71	139.56	-	154.27	-	-	-	-	-	-
<b>C. Non working Government company</b>													
<b>FINANCING</b>													
1.	TSBL	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sector wise total</b>		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total C (All sector wise non working Government company)</b>		-	-	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A + B + C)</b>		25.79	16.50	14.71	139.56	-	154.27	-	-	-	-	-	-

@ Figures indicate total guarantees outstanding at the end of the year.  
Information furnished by PSUs.

In case of TSECL, the grants (Rs. 98.77 crore) received from the State Government include grants relating to centrally sponsored schemes routed through the State Government.

## Appendix - 5.3

## Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalised

(Reference : Paragraph 5.1.15)

(Figures in column 5 (a) to (6) and (8) to (10) are Rupees in crore)

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation 5 (a)	Net Profit/ Interest 5 (b)	Net Profit/ Loss (-) Depreciation 5 (c)	Net Profit/ Loss 5 (d)	Turnover	Impact of Accounts Comments <sup>#</sup>	Paid up Capital <sup>6</sup>	Accumulated Profit (+)/ Loss (-)	Capital employed <sup>6</sup>	Return on capital employed <sup>8</sup>	Percentage return on capital employed (12)
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>A. Working Government Companies</b>														
<b>AGRICULTURE &amp; ALLIED</b>														
1.	TFDPCL	2006-07	2010-11	(+) 15.54	-	0.57	(+) 14.97	27.01	-	9.20	(+) 30.91	42.52	(+) 14.97	35.20
2.	THCL	2003-04	2009-10	(+) 0.33	-	0.02	(+) 0.35	7.58	(-) 14.13	1.43	(-) 1.04	(-) 0.66	(-) 0.35	-
3.	TTDCL	2008-09	2010-11	(+) 0.64	-	0.13	(+) 0.51	4.44	-	21.66	(-) 9.29	14.99	(+) 0.51	3.40
Sector wise total				(+) 15.85	-	0.72	(+) 15.13	39.03	(-) 14.13	32.29	(+) 20.58	56.85	(+) 15.13	26.61
<b>FINANCING</b>														
4.	THHDCL	2002-03	2010-11	(-) 1.36	-	0.08	(-) 1.44	3.09	-	12.39	(-) 18.17	14.60	(-) 1.44	-
5.	THDCL	2008-09	2010-11	(+) 0.59	-	0.01	(+) 0.58	1.76	Negligible	16.78	(-) 2.31	16.39	(+) 0.58	3.54
6.	TRPCL	2007-08	2009-10	(+) 1.75	-	0.06	(+) 1.69	14.22	(-) 0.11	4.58	(+) 4.04	17.68	(+) 1.69	9.56
Sector wise total				(+) 0.98	-	0.15	(+) 0.83	19.07	(-) 0.11	33.75	(-) 16.44	48.67	(+) 0.83	1.71
<b>MANUFACTURE</b>														
7.	TJML	2008-09	2010-11	(-) 8.59	-	0.02	(-) 8.61	4.40	(-) 0.39	121.07	(-) 120.92	1.56	(-) 8.61	-
8.	TSICL	2003-04	2010-11	(-) 1.97	-	0.15	(-) 2.12	8.17	(+) 0.07	19.81	(-) 15.68	4.79	(-) 2.12	-
Sector wise total				(-) 10.56	-	0.17	(-) 10.73	12.57	(-) 0.32	140.88	(-) 136.60	6.35	(-) 10.73	-
<b>POWER</b>														
9.	TSECL	2005-06	2008-09	(+) 34.36	-	25.55	(+) 8.81	211.09	(-) 0.02	9.55	(+) 8.81	777.76	(+) 8.81	1.13
Sector wise total				(+) 34.36	-	25.55	(+) 8.81	211.09	(-) 0.02	9.55	(+) 8.81	777.76	(+) 8.81	1.13
<b>SERVICES</b>														
10.	NECL	2000-01	2005-06	(+) 0.01	-	-	(+) 0.01	0.31	(-) 0.05	0.21	(+) 0.02	0.01	(+) 0.01	100.00
Sector wise total				(+) 0.01	-	-	(+) 0.01	0.31	(-) 0.05	0.21	(+) 0.02	0.01	(+) 0.01	100.00
<b>FIRST ACCOUNTS NOT YET FINALISED</b>														
Sector wise total				(+) 0.01	-	-	(+) 0.01	0.31	(-) 0.05	0.21	(+) 0.02	0.01	(+) 0.01	100.00
<b>MISCELLANEOUS</b>														
12.	TNGCL	2005-06	2009-10	(+) 0.45	-	0.22	(+) 0.23	2.80	(+) 0.04	1.39	(+) 0.63	4.18	(+) 0.23	5.50
Sector wise total				(+) 0.45	-	0.22	(+) 0.23	2.80	(+) 0.04	1.39	(+) 0.63	4.18	(+) 0.23	5.50
Total A (All sector wise working Government companies)				(+) 41.09	-	26.81	(+) 14.28	284.87	(-) 14.59	218.07	(-) 123.00	893.82	(+) 14.28	1.60
<b>B. Working Statutory corporation</b>														
<b>SERVICE</b>														
1.	TRTC	2003-06	2010-11	(-) 8.24	7.27	0.74	(-) 16.25	3.61	-	120.40	(-) 180.21	5.84	(-) 8.98	-
Sector wise total				(-) 8.24	7.27	0.74	(-) 16.25	3.61	-	120.40	(-) 180.21	5.84	(-) 8.98	-
Total B (All sector wise working Statutory corporation)				(-) 8.24	7.27	0.74	(-) 16.25	3.61	-	120.40	(-) 180.21	5.84	(-) 8.98	-
Grand Total (A+B)				(+) 32.85	7.27	27.55	(-) 1.97	288.48	(-) 14.59	338.47	(-) 303.21	899.66	5.30	0.59

**Appendix - 5.3 (Concltd.)**  
**Summarised financial results of Government companies and Statutory corporations for the latest year for which accounts were finalized**  
*(Reference : Paragraph 5.1.15)*

Sl. No.	Sector & Name of the Company	Period of Accounts	Year in which finalised	Net Profit/ Loss before Interest & Depreciation	Net Profit/ Interest	Net Profit (+)/ Loss (-)	Net Profit/ Loss	Turnover	Impact of Accounts Comments <sup>#</sup>	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed <sup>@</sup>	Return on capital employed <sup>\$</sup>	Percentage return on capital employed
(1)	(2)	(3)	(4)	5 (a)	5 (b)	5 (c)	5 (d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>C. Non-working Government companies</b>														
<b>FINANCING</b>														
I.	TSBL	Non-	functional	for about	37 years.	In	the	process	liquidation	under	Section 560	of	Companies	Act 1956.
<b>Sector-wise total</b>				-	-	-	-	-	-	-	-	-	-	-
<b>Total C (All sector wise non-working Government company)</b>				-	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A + B + C)</b>				(+) 32.85	7.27	27.55	(-) 1.97	288.48	(-) 14.59	338.47	(-) 303.21	899.66	5.30	0.59

<sup>#</sup> Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and is denoted by (+) increase in profit/ decrease in losses and (-) decrease in profit/ increase in losses.

<sup>@</sup> Capital employed represents net fixed assets (including capital works-in-progress) plus working capital except in case of finance companies/ corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

<sup>\$</sup> Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

<sup>€</sup> Including share suspense/ share application money.

**Appendix - 5.4**  
**Statement showing financial position of Statutory Corporation**  
**(Tripura Road Transport Corporation)**  
*(Reference : Paragraph 5.1.15)*

*(Rupees in crore)*

Particulars		2003-04	2004-05	2005-06
<b>1.</b>				
<b>A.</b>	<b>Liabilities</b>			
	Capital (including capital loan and equity capital)	102.30	111.10	120.40
	Borrowings from Government	0.25	0.25	0.25
	Borrowings from other sources	-	-	-
	Funds (excluding depreciation funds)	0.05	0.05	0.05
	Trade dues and others current liabilities (including provision)	55.46	61.74	68.43
	<b>Total of 'A'</b>	<b>158.06</b>	<b>173.14</b>	<b>189.13</b>
<b>B.</b>	<b>Assets</b>			
	Gross Block of Fixed Assets	12.21	12.05	12.20
	<i>Less: Depreciation Reserve</i>	<u>7.56</u>	<u>8.49</u>	<u>9.24</u>
	Net Block	4.65	3.56	2.96
	Capital Work-in-progress including cost of chassis	-	-	-
	Investment	-	-	-
	Current Assets, Loans and Advances	4.86	5.50	5.96
	Deferred expenditure	-	-	-
	Accumulated losses	148.55	164.08	180.21
	<b>Total of 'B'</b>	<b>158.06</b>	<b>173.14</b>	<b>189.13</b>
<b>C.</b>	<b>Capital Employed<sup>1</sup></b>	<b>5.41</b>	<b>5.31</b>	<b>5.84</b>

<sup>1</sup> Capital employed represents net fixed assets (including capital work in progress) *plus* working capital but excluding interest accrued and gratuity reserve.

## Appendix - 5.5

Statement showing working results of Statutory Corporation  
(Tripura Road Transport Corporation)

(Reference : Paragraph 5.1.15)

(Rupees in crore)

Sl. No.	Particulars	2003-04	2004-05	2005-06
<b>Operating</b>				
a.	Revenue (Income)	3.90	3.83	4.03
b.	Expenditure	18.67	19.13	20.69
c.	Surplus (+) / Deficit (-)	(-) 14.77	(-) 15.30	(-) 16.66
<b>Non-operating</b>				
a.	Revenue (Income)	0.60	0.07	0.65
b.	Expenditure	1.18	0.30	0.24
c.	Surplus (+) / Deficit (-)	(-) 0.58	(-) 0.23	0.41
<b>Total</b>				
a.	Revenue (Income)	4.50	3.90	4.68
b.	Expenditure	19.85	19.43	20.93
c.	Net profit (+) / Loss (-)	(-) 15.35	(-) 15.53	(-) 16.25
	Interest on Capital and Loans	6.14	6.69	7.27
	Total return on Capital Employed <sup>2</sup>	(-) 9.21	(-) 8.84	(-) 8.98

<sup>2</sup> Total return on capital employed represents net surplus (+)/ deficit (-) plus total interest charged to Profit and Loss Account (less interest capitalized).

**Appendix - 5.6**  
**Statement showing investments made by State Government in PSU's**  
**whose accounts are in arrears**  
*(Reference : Paragraph 5. 1.25)*

*(Rupees in crore)*

SI No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investments made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Others
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	5(e)
<b>A. WORKING GOVERNMENT COMPANIES</b>								
1.	TFDPCL	2006-07	9.20	2007-08	-	-	0.11	0.45
				2008-09	-	-	-	-
				2009-10	-	-	-	-
2.	THCL	2003-04	1.43	2004-05	0.04	-	-	-
				2005-06	0.05	-	-	-
				2006-07	-	-	-	-
				2007-08	0.06	-	-	-
				2008-09	0.05	-	-	-
				2009-10	0.05	-	-	-
3.	TTDCL	2008-09	21.66	2009-10	2.94	-	-	-
4.	THHDCL	2002-03	12.39	2003-04	2.29	-	-	-
				2004-05	2.05	-	-	-
				2005-06	2.11	-	-	-
				2006-07	2.21	-	-	-
				2007-08	2.80	-	-	-
				2008-09	3.05	-	-	-
5.	TIDCL	2008-09	16.78	2009-10	0.95	-	-	-
				2009-10	0.95	-	-	-
6.	TRPCL	2007-08	4.58	2008-09	-	-	1.50	1.55
				2009-10	-	-	1.50	-
7.	TJML	2008-09	121.07	2009-10	12.93	-	-	-
8.	TSICL	2003-04	19.81	2004-05	2.18	-	-	-
				2005-06	2.49	-	-	-
				2006-07	2.64	-	-	-
				2007-08	2.79	-	-	-
				2008-09	2.85	-	-	-
				2009-10	3.84	-	-	-
9.	TSECL	2005-06	9.55	2006-07	-	3.35	35.12	-
				2007-08	99.74	4.78	44.73	-
				2008-09	-	30.50	25.00	-
				2009-10	-	16.50	98.77	28.00
10.	NEICL	2000-01	0.21	2001-02	-	-	-	-
				2002-03	-	-	-	-
				2003-04	-	-	-	-
				2004-05	-	-	-	-
				2005-06	-	-	-	-
				2006-07	-	-	-	-
				2007-08	-	-	-	-
				2008-09	-	-	-	-
				2009-10	-	-	-	-



**Appendix - 5.6 (Concl'd.)****Statement showing investments made by State Government in PSUs whose accounts are in arrears***(Reference : Paragraph 5. 1.25)**(Rupees in crore)*

(Rupees in crore)

Sl No.	Name of PSU	Year upto which accounts finalised	Paid up capital as per latest finalised accounts	Investments made by State Government during the years for which accounts are in arrears				
				Year	Equity	Loans	Grants	Others
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	5(e)
11.	T2DCL	NOT APPLICABLE		2009-10	0.20	-	0.35	-
12.	TNGCL	2005-06	1.39	2006-07	-	-	-	-
				2007-08	-	-	-	-
				2008-09	-	-	-	-
				2009-10	-	-	-	-
	Total (A): (Government Companies)				152.19	55.13	207.08	30.00
B. WORKING STATUTORY CORPORATION								
1.	TRTC	2005-06	120.40	2006-07	10.50	-	-	-
				2007-08	11.10	-	-	-
				2008-09	13.00	-	-	-
				2009-10	1.00	-	-	10.94
	Total (B): (Statutory Corporation)		120.40	-	35.60	-	-	10.94
	Grand Total (A+B)				187.79	55.13	207.08	40.94

**Appendix – 5.7**  
**Statement showing operational performance of**  
**Tripura State Electricity Corporation Limited**  
*(Reference : Paragraph 5.2.13)*

Sl.No	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Installed capacity	(MW)				
(a)	Hydro	15.00	15.00	15.00	15.00	15.00
(b)	Gas	95.00	95.00	95.00	95.00	95.00
	<b>TOTAL</b>	<b>110.00</b>	<b>110.00</b>	<b>110.00</b>	<b>110.00</b>	<b>110.00</b>
2.	Peak demand	156.10	155.00	160.00	162.00	187.00
	Percentage increase/decrease (-) over previous year	(-) 3.64	(-) 0.70	3.23	1.25	15.43
3.	Power generated	(MU)				
(a)	Hydro	66.36	45.85	36.36	50.13	45.87
(b)	Gas	428.68	520.20	583.86	608.49	612.48
	<b>TOTAL</b>	<b>495.04</b>	<b>566.05</b>	<b>620.22</b>	<b>658.62</b>	<b>658.35</b>
	Percentage increase/decrease (-) over previous year	(-) 11.07	14.34	9.57	6.19	(-) 0.04
4.	LESS: Auxiliary consumption					
(a)	Hydro	0.66	0.46	0.37	0.50	0.46
	(Percentage)	0.99	1.00	1.02	1.00	1.00
(b)	Gas	6.44	7.80	8.75	9.13	9.19
	(Percentage)	1.50	1.50	1.50	1.50	1.50
	<b>TOTAL</b>	<b>7.10</b>	<b>8.26</b>	<b>9.12</b>	<b>9.63</b>	<b>9.65</b>
	(Percentage)	1.43	1.46	1.47	1.46	1.47
5.	Sale to Manipur & Mizoram	0.00	21.12	76.24	70.68	80.72
6.	Net power generated for Tripura (3-4-5)	487.94	536.67	534.86	578.31	567.98
7.	Purchase from Central sector	623.79	537.74	511.51	495.30	421.61
8.	LESS: Sale of Central sector power					
	- Bilateral trade	411.55	340.80	329.31	243.49	115.00
	- Energy exchange	0.00	0.00	0.00	63.37	54.58
	- Unscheduled interchange	52.71	71.36	56.87	40.50	58.48
	<b>TOTAL</b>	<b>464.26</b>	<b>412.16</b>	<b>386.18</b>	<b>347.36</b>	<b>228.06</b>
9.	Gross energy from Central sector (7-8)	159.53	125.58	125.33	147.94	193.55
10.	Transmission losses on Central sector purchases	46.85	46.48	37.84	33.25	26.47
11.	Net energy for local sale from Central sector (9-10)	112.68	79.10	87.49	114.69	167.08
12.	Total energy available for the State (6+11)	600.62	615.77	622.35	693.00	735.06
13.	Total demand	656.14	655.19	661.77	749.94	818.74
14.	Net deficit (-)/ Surplus (+) energy (12-13)	(-)55.52	(-)39.42	(-)39.42	(-)56.94	(-)83.68

**Appendix – 5.8**

**Statement showing loss of generation due to short supply of gas  
(Tripura State Electricity Corporation Limited)**

*(Reference : Paragraph 5.2.31)*

Year	(Estimated) Loss of generation (in MU)		
	Rokhia	Baramura	Total
2005-06	Nil	1.11	<b>1.11</b>
2006-07	10.90	0.40	<b>11.30</b>
2007-08	0.05	0.56	<b>0.61</b>
2008-09	Nil	0.37	<b>0.37</b>
<b>Grand total</b>	<b>10.95</b>	<b>2.44</b>	<b>13.39</b>

### Appendix – 5.9

#### Statement showing station-wise value of excess consumption of gas (Tripura State Electricity Corporation Limited)

(Reference : Paragraph 5.2.33)

Sl. No.	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Station Name Baramura GTPS</b>						
1.	Units generated (MUs)	169.55	169.72	159.23	159.34	175.50
2.	Gas required as per norms (MMSCM)	64.58	64.46	60.53	60.58	74.71
3.	Gas consumed (MMSCM)	73.28	73.75	70.59	70.10	73.73
4.	Excess consumption (MMSCM) (3-2)	8.70	9.29	10.06	9.52	(-) 0.98
5.	Rate per MMSCM (₹ in crore)	0.2093	0.2155	0.2124	0.2362	0.2677
6.	Gas consumed per unit (SCM)	0.43	0.44	0.44	0.44	0.42
7.	Value of excess Gas (₹ in crore) (4X5)	1.82	2.00	2.14	2.25	(-) 0.26
<b>Station Name Rokhia GTPS</b>						
1.	Units generated(MUs)	259.13	350.48	424.63	449.15	436.98
2.	Gas required as per norms(MMSCM)	97.71	132.08	160.59	170.05	185.29
3.	Gas consumed (MMSCM)	134.98	171.60	185.51	203.28	201.70
4.	Excess consumption (MMSCM) (3-2)	37.27	39.52	24.92	33.23	16.41
5.	Rate per MMSCM (₹ in crore)	0.2093	0.2155	0.2124	0.2362	0.2677
6.	Gas consumed per unit (MMSCM)	0.52	0.49	0.44	0.45	0.46
7.	Value of excess Gas (₹ in crore) (4X5)	7.80	8.52	5.29	7.85	4.39

**Appendix – 5.10**

**Statement showing station – wise year-wise details of energy to be generated as per design, actual generation and plant load factor as per design *vis-à-vis* actual**

**(Tripura State Electricity Corporation Limited)**

*(Reference : Paragraph 5.2.37)*

Year	Energy Generation(MU)		Plant Load Factor (In percent)	
	As per CERC	Actual	As per CERC	Actual
<b>Station Name Baramura GTPS</b>				
2005-06	147.17	169.55	80.00	92.16
2006-07	147.17	169.72	80.00	92.26
2007-08	147.17	159.23	80.00	86.32
2008-09	147.17	159.34	80.00	86.61
2009-10	156.37	175.50	85.00	95.40
<b>Total</b>	<b>745.05</b>	<b>833.34</b>		
<b>Station Name Rokhia GTPS</b>				
2005-06	371.42	259.13	80.00	55.81
2006-07	518.59	350.48	80.00	54.07
2007-08	518.59	424.63	80.00	65.33
2008-09	518.59	449.15	80.00	69.29
2009-10	551.00	436.98	85.00	67.41
<b>Total</b>	<b>2,478.19</b>	<b>1,920.37</b>		
<b>Station Name Gumti HydroPS</b>				
2005-06	112.35	66.36	85.50	50.50
2006-07	112.35	45.85	85.50	34.89
2007-08	112.35	36.36	85.50	27.60
2008-09	112.35	50.13	85.50	38.15
2009-10	112.35	45.87	85.50	34.91
<b>Total</b>	<b>561.75</b>	<b>244.57</b>		
<b>Grand total</b>	<b>3,784.99</b>	<b>2,998.28</b>		

**Appendix – 5.11**  
**Statement showing delay in maintenance of Units**  
**(Tripura State Electricity Corporation Limited)**

(Reference : Paragraph 5.2.47)

S.No.	Station Name	Unit Name/ No.	Nature of maintenance	When due	When done	Delay (upto July 2010) (In months)
1	Rokhia GTPS	3	CI & BI	Jun-09	Not Done	13
			HGPI	Jul-08	Not Done	24
			MI	Jun-02	Apr-06	46
		4	CI & BI	Jul-07	Not Done	36
			MI	Sep-09	Not Done	10
		5	MI	Jan-03	Not Done	90
		6	MI	Not due	Jun-06	-
		7	CI & BI	Mar-07	Aug -09	29
			MI	Dec-08	Aug-09	7
		8	CI & BI	Apr-08	Sep-09	17
2	Baramura GTPS	4	MI	Sep-08	Feb-09	5
3	Gumti Hydel Project	I	Refer note 4 below.			
		II				
		III				

1. CI & BI- Combustion and Baroscopic Inspection (after every 8,000 fired hours)

2. HGPI- Hot Gas Path Inspection (after every 16,000 fired hours)

3. MI- Major Inspection (after every 48,000 fired hours)

4. Since the life of the units had already expired, all maintenance is done when required.

**Appendix - 5.12**  
**Statement showing consolidated working results**  
**(Tripura State Electricity Corporation Limited)**  
*(Reference : Paragraph 5.2.51)*

*(Rupees in crore)*

	Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Total
<b>A.</b>	<b>Income</b>						
1.	Sale of Power						
a)	- Trading/ Unscheduled Interchange	124.42	145.18	157.39	234.60	98.84	760.43
b)	- Within Tripura	86.67	104.31	100.00	114.60	127.48	533.06
c)	- Inter state	0.00	5.40	15.51	13.41	15.26	49.58
d)	<b>Sub-total</b>	<b>211.09</b>	<b>254.89</b>	<b>272.90</b>	<b>362.61</b>	<b>241.58</b>	<b>1,343.07</b>
2 a)	Subsidy from Government of Tripura	45.56	22.00	24.00	25.00	28.00	144.56
b)	Incentive from Government of India	0.00	0.00	0.00	0.00	25.22	25.22
3.	Interest on fixed deposits	2.30	1.90	0.75	12.77	25.60	43.32
4.	Other income	1.39	4.06	4.46	4.68	4.91	19.50
	<b>Total</b>	<b>260.34</b>	<b>282.85</b>	<b>302.11</b>	<b>405.06</b>	<b>325.31</b>	<b>1,575.67</b>
<b>B.</b>	<b>Expenditure</b>						
1.	Fuel cost	43.59	52.87	54.39	64.58	73.74	289.17
2.	Power purchase	114.25	134.94	101.74	116.70	96.16	563.79
3.	O&M expenses	17.21	14.52	19.50	26.33	25.00	102.56
4.	Employee costs	41.57	48.30	54.25	62.92	71.35	278.39
5.	Administration & other expenses	8.39	10.68	10.68	7.20	13.25	50.20
6.	Depreciation	25.55	27.50	29.00	31.32	32.68	146.05
	<b>Total</b>	<b>250.56</b>	<b>288.81</b>	<b>269.56</b>	<b>309.05</b>	<b>312.18</b>	<b>1,430.16</b>
7.	Profit/ loss (-) before tax	9.78	(-) 5.96	32.55	96.01	13.13	145.51
8.	Tax	0.97	2.48	2.34	4.72	3.68	14.19
	<b>Net profit/ loss(-)</b>	<b>8.81</b>	<b>(-) 8.44</b>	<b>30.21</b>	<b>91.29</b>	<b>9.45</b>	<b>131.32</b>

*Note: Figures for 2006-07 to 2009-10 are estimated and have been compiled by Audit. These may undergo change on finalisation of accounts by the Company. Source: Annual Plans, information furnished to XIII<sup>th</sup> Finance Commission, reconciliations for purchase and sales of energy, gas supply bills booked, cumulative receipt and payments of DGM(C&SO).*



**Appendix - 5.13**  
**Statement showing excess expenditure incurred on import of jute**  
**(Tripura Jute Mills Limited )**

*(Reference : Paragraph 5.4)*

BTR grade	Equivalent Indian grade	Quantity ordered to the Assam-based firms (in MT)	Accepted rates (August 2005) of the Assam-based firms (including 2% CST) ₹/MT	Actual rates of landed cost for purchase from UPSB (December 2005) ₹/MT	Difference in ₹ /MT	Percentage of difference	Excess expenditure (₹ in lakh)
KS	TD-5	25	15,402.00	17,443.60	2,041.60	13	0.51
CS	TD-6	200	14,382.00	16,976.30	2,594.30	18	5.19
SMR	TD-7	100	13,362.00	16,517.79	3,155.79	24	3.16
		<b>325</b>					<b>8.86</b>

**Note :** The difference of 25 MT between the quantity ordered (350 MT) and quantity considered (325 MT) was due a specific grade viz. TD-4 not being imported from Bangladesh.