



GOVERNMENT OF SIKKIM

**REPORT OF THE COMPTROLLER
AND
AUDITOR GENERAL OF INDIA**

**FOR THE YEAR ENDED
31 MARCH 1991**



GOVERNMENT OF INDIA

REPORT OF THE COMPTROLLER
AND
AUDITOR GENERAL OF INDIA

FOR THE YEAR 1947-48

1948

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1990-91 together with other points arising from audit of financial transactions of the Government of Sikkim. It also includes certain points of interest arising from the Finance Accounts for the year 1990-91.

2. The cases mentioned in this report are among those which came to notice in course of test audit of accounts during the year 1990-91 as well as those which had come to notice in the earlier years but could not be dealt with in the previous Reports ; matters relating to the period subsequent to 1990-91 have also been included wherever considered necessary.

THE HISTORY OF THE
CITY OF BOSTON
FROM THE FIRST SETTLEMENT
TO THE PRESENT TIME
IN TWO VOLUMES
BY NATHANIEL BENTLEY
VOL. II.
BOSTON: PUBLISHED BY
J. B. ALLEN, 1857.

OVERVIEW

OVERVIEW

The report of the Comptroller and Auditor General of India for the year 1990-91 contains seven chapters. Chapter I gives information about the financial position of the State and Chapter II indicates the Government's control over its expenditure during the year. The remaining five chapters contain 39 paragraphs and 5 reviews in which irregularities noticed by Audit during the course of test-check of records have been commented upon and the efficiency and effectiveness in implementation of a few selected projects/programmes have been reviewed. Some of the important and interesting points highlighted in the Report are summarised in the succeeding paragraphs.

2. Financial position and control over expenditure

As in previous years, substantial funds released by Government of India were not credited into the State Government's account during 1990-91. The amount involved was Rs. 9.20 crores, towards Government of India's grants-in-aid and the State share of Union Excise duties. On the other hand, Rs. 7.79 crores relating to preceding years (1985-90) were credited during 1990-91.

Government assured Audit in February 1992 that steps would be taken for opening an account with one of the Nationalised Banks in Delhi so as to facilitate the prompt credit of funds received by the State from Government of India.

The revenue receipts of Rs. 159.52 crores during the year included Rs. 117.53 crores (74 per cent) towards receipts from the Government of India and the balance of Rs. 41.99 crores represented the revenue raised by the State Government tax revenue (Rs. 15.30 crores) and non-tax revenue (Rs. 26.69 crores). While the total liabilities of the State over a period of five years ending March 1991 increased by 171 per cent, the increase in the assets was only 118 per cent during the corresponding period. The revenue expenditure

All abbreviations used in this Report are listed in the Glossary in Appendix 17 (Page No. 182).

under Plan Sector has declined from 42 per cent of the total revenue expenditure in 1986-87 to 32 per cent in 1990-91. On the other hand, non-plan expenditure registered an increase from 58 per cent of the total revenue expenditure in 1986-87 to 68 per cent in 1990-91.

A major part of the loans ranging from 46 per cent (1986-87) to 66 per cent (1990-91) received from the Government of India was utilised for discharge of previous year's liability on account of repayment of principal and interest thereon. On its total investment of Rs.14.19 crores at the end of 1990-91, the Government received a dividend of Rs. 1 crore during 1990-91 from the Statutory Corporations, Government Companies and Public Sector Undertakings.

(Chapter I)

Supplementary provisions obtained during the year constituted 6 per cent of the original budget provision. Supplementary provision of Rs.357.45 lakhs obtained under 2 appropriations and 13 grants were totally unnecessary, while in the case of other 18 grants and one appropriation supplementary provisions exceeded the additional fund required by Rs. 179.92 lakhs. There was an overall excess of Rs. 47.16 lakhs in 13 grants requiring regularisation under Article 205 of the Constitution.

(Chapter II)

AUDIT REVIEWS

3. Seed Production, Multiplication and Distribution

The programme was aimed at increasing quality seed production and streamlining the same on scientific methods. There was persistent shortfall in achievement of targets in respect of Wheat, Urd, Potato and Ginger seeds in Government farms. Though the production of wheat, maize and paddy in the State had been increasing, seeds of high quality still had to be procured by and large from outside the State.

There was shortfall of Rs.18.14 lakhs in realisation of the value of seeds sold at subsidised rate.

Setting up of seed-processing unit taken up in 1982 had not been completed as of October 1991.

Seeds valued at Rs.0.78 lakh and sale proceeds of seed potato amounting to Rs.1.67 lakhs were not accounted for.

No study or evaluation of the programme was conducted.

(Paragraph 3.1)

4. **National Technology Mission on Immunisation**

The National Technology Mission which included Universal Immunisation Programme aimed at injecting a sense of urgency and commitment to achieve the objective of providing 85 per cent immunisation of infants and cent per cent immunisation of pregnant women by 1990. However, even by March 1991 achievement in respect of vaccination with OPV, Measles and TT(PW) were only 73, 62 and 43 per cent respectively.

There was considerable disparity between the coverage as revealed in the Vaccination Coverage Assessment Survey and those reported by the Department in the annual report.

Prescribed additional dose of Oral Polio Vaccine (OPV) was not administered in the STNM Hospital, Gangtok upto October 1990.

No epidemiological cell for follow-up action was created in respect of Vaccine Preventable Diseases.

(Paragraph 3.8)

5. **Rural Roads and Bridges**

Rural Roads and Bridges were intended to provide better communication net work for ensuring rural upliftment. Though expenditure was incurred to the extent of budget provision, the physical achievement was only 73 per cent of the targets fixed. Deficiencies in survey in 2 cases and delayed execution in 14 cases resulted in extra expenditure and cost overrun aggregating Rs. 8.03 lakhs.

Due to lack of maintenance, there occurred a loss of Rs.4.07 lakhs on the collapse of a bridge.

(Paragraph 4.1)

6. Stores Accounts of Power Department

Unnecessary purchases resulted in blockage of Rs.13.03 lakhs.

Hire charges of plant and machinery amounting to Rs.3.92 lakhs were not realised.

Due to non-disposal of surplus/obsolete stores, an amount of Rs.99.88 lakhs remained blocked up. An amount of Rs.31.06 lakhs was lying outstanding out of advance made to State Trading Corporation of Sikkim and a private firm.

The Department sustained a loss of Rs.8.33 lakhs due to its failure to prefer freight reimbursement from the Controller of cement.
(Paragraph 5.1)

7. Forest Produce

The shortfall in extraction/production of firewood and charcoal remained unchecked and no records were maintained from 1987-88 to 1990-91 to ascertain the actual extraction of timber.

The yield of cardamom was only 3 per cent of the estimated yield of 120 kg per acre under departmental cultivation. In respect of cultivation through lessees, minimum quantity towards Government share had not been fixed.

An amount of Rs.43.88 lakhs remained unrealised towards forest produce damaged due to occupation of forest area by other Departments/authorities.

Wooden ballies and charcoal worth Rs.8.88 lakhs were unaccounted for.

Failure to revive/cure an old cardamom plantation resulted in a loss of Rs.29.35 lakhs.. Also failure to check encroachment of forest land by the public resulted in loss of forest produce amounting to Rs.9.86 lakhs.
(Paragraph 6.6)

AUDIT PARAGRAPHS

8. A Dairy Scheme which was found to be uneconomical was taken over from Sikkim Livestock Development Corporation, resulting in a loss of Rs.7.05 lakhs. (Paragraph 3.3)

9. Due to theft, defalcation etc., there occurred a loss of Rs.9.95 lakhs to the State Exchequer. (Paragraph 3.4)

10. Irregular claims amounting to Rs.3.27 lakhs towards medical expenses were paid in North District during the period from February 1987 to October 1988. (Paragraph 3.5)

11. Due to poor storage conditions of godowns, foodgrains worth Rs.1.61 lakhs were damaged. (Paragraph 3.7)

12. Irregular allowance of price escalation in respect of belated supply of cement resulted in a loss of Rs.0.69 lakh.

(Paragraph 4.2)

13. Royalty amounting to Rs.14.69 lakhs was not realised from contractors' bills over the period from 1987 to 1989.

(Paragraph 6.7)

14. Incorrect application of rates of income tax led to a revenue loss of Rs.4.38 lakhs in five cases. (Paragraph 6.8)

15. Due to non-assessment of turnover in respect of 3 assesseees, income tax aggregating Rs.40.29 lakhs remained unrealised.

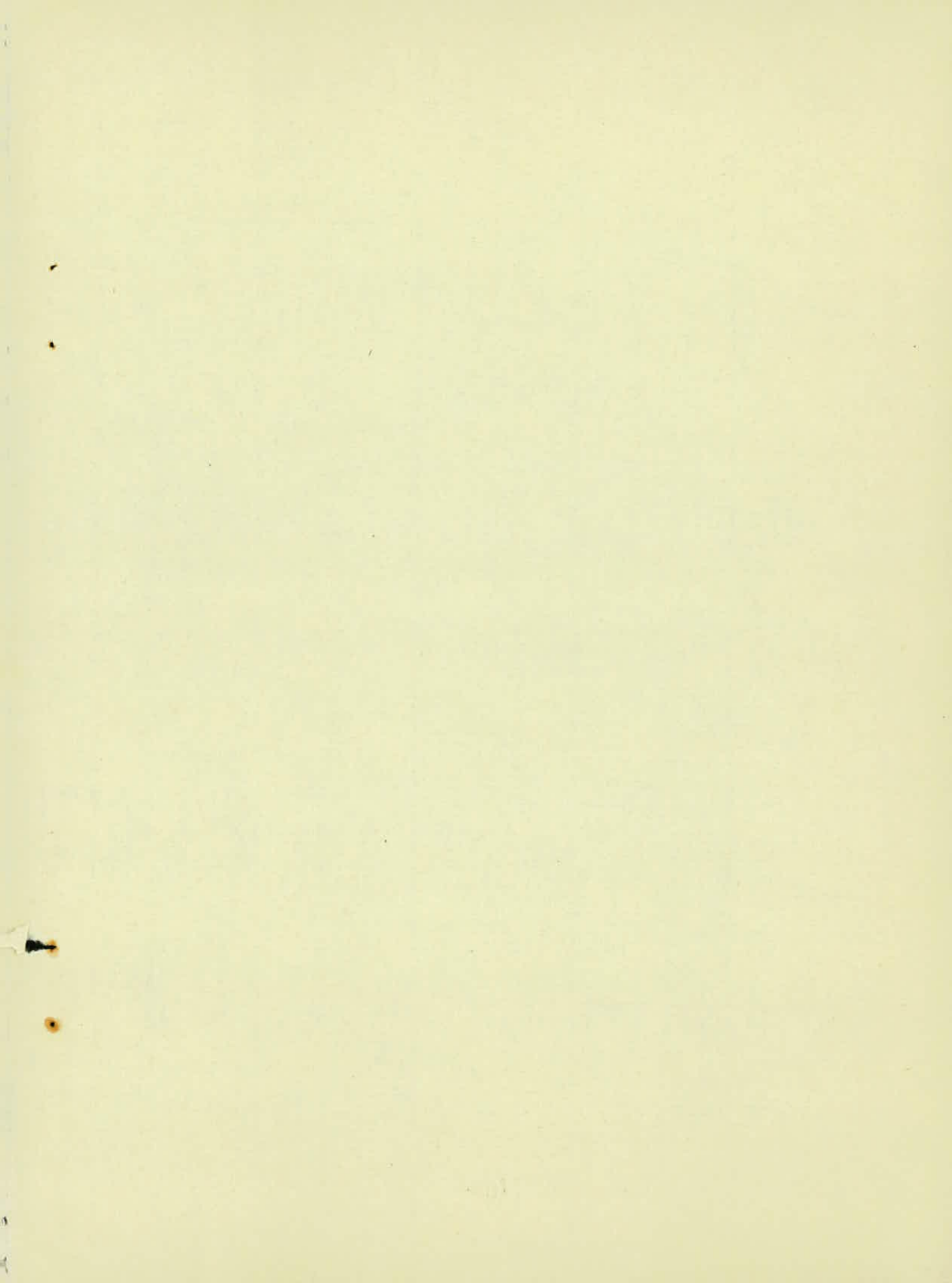
(Paragraph 6.9)

16. Failure to correlate the sales tax returns with those of income tax led to non-realisation of income tax of Rs.1.05 lakhs in 4 cases.

(Paragraph 6.10)

(xii)

17. Irregular grant of rebate in the case of 4 dealers resulted in loss of income tax of Rs.12.80 lakhs. (Paragraph 6.13)
18. An amount of Rs.4.34 lakhs being revenue realised had not been deposited into Government account. (Paragraph 6.15)
19. Irregular grant of exemption of interest on overdrafts resulted in a loss of Rs.26.70 lakhs in 9 cases to the State Bank of Sikkim. (Paragraph 7.5)
20. Payments made against cheques on outstation branches/bank without any security/surety resulted in non-recovery of Rs.1.18 lakhs from the branches/parties concerned. (Paragraph 7.6)
21. The Sikkim Industrial Development and Investment Corporation Limited made an investment of Rs.93.28 lakhs in a company which had ceased production and consequently the investment was idle and unfruitful. (Paragraph 7.11)
22. Non-deduction of the cost of clodded cement from the supplier resulted in loss of Rs. 0.61 lakh to the State Trading Corporation of Sikkim. (Paragraph 7.12)



AUDIT REPORT 1990-91

CHAPTER I

CHAP
GENE

1.1 Summarised Financial position

The financial position of the State Government as on 31st 91; the abstract of Receipts and Disbursements and the details of statements following:

I— Summarised Financial position of the Government of

As on 31st March 1990	Liabilities	As on 31st March 1991
33.34	Internal Debt	48.63
	(Market Loans, Loans from Life Insurance Corporation of India and others)	
66.88	Loans and Advances from Central Government	76.23
	Pre 1984-85 loans	13.18
	Non-Plan loans	23.90
	Loans for State Plan Schemes	34.08
	Loans for Central and Centrally Sponsored Plan Schemes	3.92
	Ways and Means Advances	1.15
12.51	Small Savings, Provident Funds etc.	15.62
3.00	Deposits	3.37
0.89	Reserve Funds	0.89
*	Contingency Fund	(—)0.16
	Surplus on Government Accounts	
204.65	Last year's balance	204.65 236.03
	Add Revenue surplus during the year	31.38
<u>321.27</u>		<u>380.61</u>

*The Fund closes with a debit balance of Rs. 15387.

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RAL

March 1991 emerging from the Finance Accounts for the year 1990-sources and application of funds for the year are detailed in the

Sikkim as on 31st March 1991.

(Rupees in crores)

As on 31st March 1990	Assets	As on 31st March 1991
278.81	Gross Capital Outlay on Fixed Assets	329.19
	Investment in shares of Companies, Corporations etc.	14.19
	Other Capital Outlay	315.00
8.85	Loans and Advances	10.07
	Development loans	7.60
	Loans to Government servants and miscellaneous loans	2.47
0.13	Other Advances	0.13
(—)0.86	Suspense and Miscellaneous Balances	1.81
5.84	Remittance Balance	0.45
28.04	Cash	38.50
	Cash Balance Deposits with other Banks	20.65
	Departmental Cash Balance including Permanent Advance	1.03
	Cash Balance Investment	16.82
0.46	Earmarked Funds Invested	0.46
<u>321.27</u>		<u>380.61</u>

I. Abstract of Receipts and Disbursements

SECTION A —

RECEIPTS

II	Revenue Receipts—	159.52
(i)	Tax Revenue	15.30
(ii)	Non-Tax Revenue	26.69
(iii)	State's Share of Union Taxes	21.20
(iv)	Non-Plan Grants	20.68
(v)	Grants for State Plan Schemes	62.33
(vi)	Grants for Central and Centrally Sponsored Plan Schemes	13.32

159.52

for the year 1990-91

REVENUE

(Rupees in crores)

DISBURSEMENTS

		Non-Plan	Plan	Total
I.	Revenue Expenditure—			
	Sector			128.14
(i)	General Services	29.94	(—)0.31	29.63
(ii)	Social Services	26.45	16.44	42.89
(iii)	Agriculture and Allied Activities	7.21	15.03	22.24
(iv)	Rural Development	0.20	2.19	2.39
(v)	Irrigation and Flood Control	0.29	1.70	1.99
(vi)	Energy	6.36	0.89	7.25
(vii)	Industry and Minerals	0.91	1.61	2.52
(viii)	Transport	15.42	1.57	16.99
(ix)	Science, Technology and Environment	—	0.55	0.55
(x)	General Economic Services	0.48	1.21	1.69
		87.26	40.88	128.14
II.	Revenue Surplus Carried over to Section B			31.38
				<u>159.52</u>

SECTION B—

II. Opening Cash Balance including permanent advance and cash balance investment		28.04
III. Recoveries of Loans and Advances		0.22
(i)	From Government Servants	0.20
(ii)	From Others	0.02
IV. Revenue Surplus brought down		31.38
V. Contingency Fund		0.04
VI. Public Debt Receipts		27.88
(i)	Internal Debt other than Ways and Means Advances	15.55
(ii)	Loans and Advances from Central Government	12.33
VII. Public Account Receipts		203.35
(i)	Small Savings, Provident Funds, etc.	4.66
(ii)	Suspense and Miscellaneous	100.67
(iii)	Remittances	93.67
(iv)	Deposits and Advances	4.35

290.91

OTHERS

III. Capital Outlay—			50.38
Sector			
(i) General Services	2.53		
(ii) Social Services	14.34		
(iii) Agriculture and Allied Services	1.45		
(iv) Industry and Minerals	3.45		
(v) Energy	16.67		
(vi) Transport	11.74		
(vii) General Economic Services	0.20		
IV. Loans and Advances disbursed			1.44
(i) To Government Servants	0.39		
(ii) To Others	1.05		
V. Contingency Fund			0.19
VI. Repayment of Public Debt			3.25
(i) Internal Debt other than Ways and Means Advances	0.26		
(ii) Repayment of Loans and Advances to Central Government	2.99		
VII. Public Account Disbursements			197.15
(i) Small Savings, Provident Funds, etc.	1.55		
(ii) Suspense and Miscellaneous	103.33		
(iii) Remittances	88.29		
(iv) Deposits and Advances	3.98		
VIII. Cash Balance at end			38.50
(i) Cash Balance Deposits with other Banks	20.65		
(ii) Departmental cash balance including permanent advance	1.03		
(iii) Cash Balance Investment	16.82		
			290.91

Statement III — Sources and application

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No

Sources

1.	Revenue Receipts	159.52
2.	Increase in Public Debt	24.64
3.	Net receipts from Public Account	6.04
	Increase in Small Savings	3.11
	Increase in Deposits and Advances	0.37
	Suspense and Miscellaneous Balances (—)	2.67
	Less Debit balances in Contingency Fund (—)	0.16
	Effect on Remittance Balances	5.39
		<hr/> 190.20 <hr/>

of funds for 1990-91

Sl.

No.

Application

(Rupees in crores)

1.	Revenue Expenditure	128.14
2.	Capital Outlay	50.38
3.	Lending for development and other Programmes	1.22
4.	Increase in closing cash balance including permanent advance, departmental cash balance and cash balance investment	10.46

190.20

Explanatory Notes

1.1.1 The summarised financial statement is based on the statements of the Finance Accounts and the Appropriation Accounts of the State Government and are subject to the notes and explanations contained therein.

1.1.2 Government Accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Thus, items payable or receivable or items like depreciation or variation in stock, fixtures do not figure in the accounts.

1.1.3 Although a part of revenue expenditure (grants) and the loans are used for capital formation by the recipients, its classification in the accounts of the State Government remains unaffected by end use.

1.1.4 There was an unreconciled difference of Rs.0.55 crore (net credit) between the figures reflected in the accounts and those reported by the State Bank of Sikkim under cash balance. The discrepancy is under reconciliation.

1.1.5 Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government with the result that cumulative position of such surplus or deficit is not ascertainable.

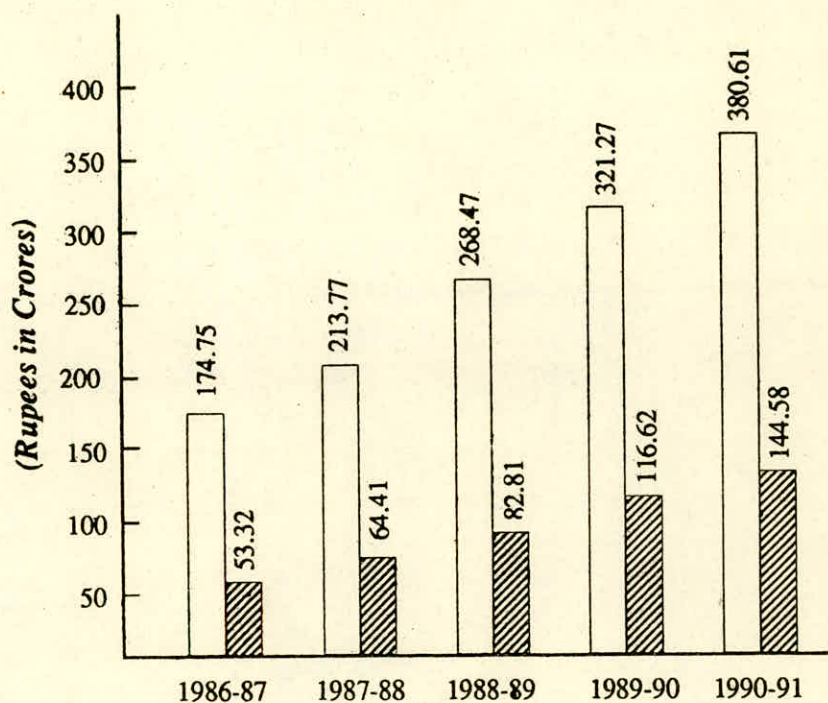
Based on the foregoing statements and other supporting data, the following paragraphs present an analysis of the management of the Finances of the State Government during the year 1990-91 in juxtaposition to the position obtaining in the preceding four years.

1.2 Assets and liabilities of the State

The assets, comprising capital investments and loans advanced and the total liabilities of the State Government during 1986-91 were as follows :-

<i>At the end of</i>	<i>(Rupees in crores)</i>	
	<i>Assets</i>	<i>Liabilities</i>
1986-87	174.75	53.32
1987-88	213.77	64.41
1988-89	268.47	82.81
1989-90	321.27	116.62
1990-91	380.61	144.58

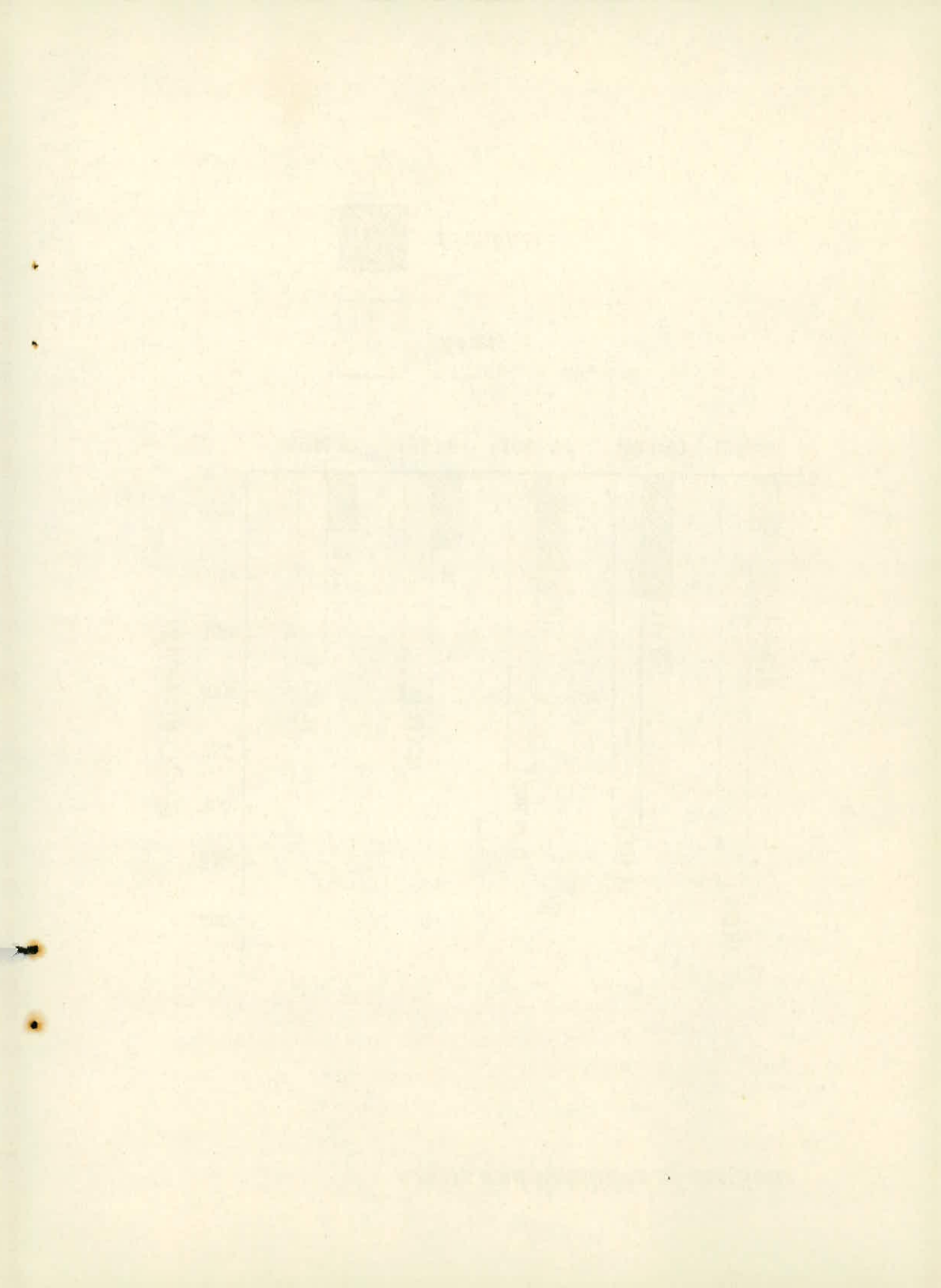
Assets and liabilities of the State



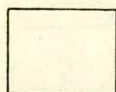
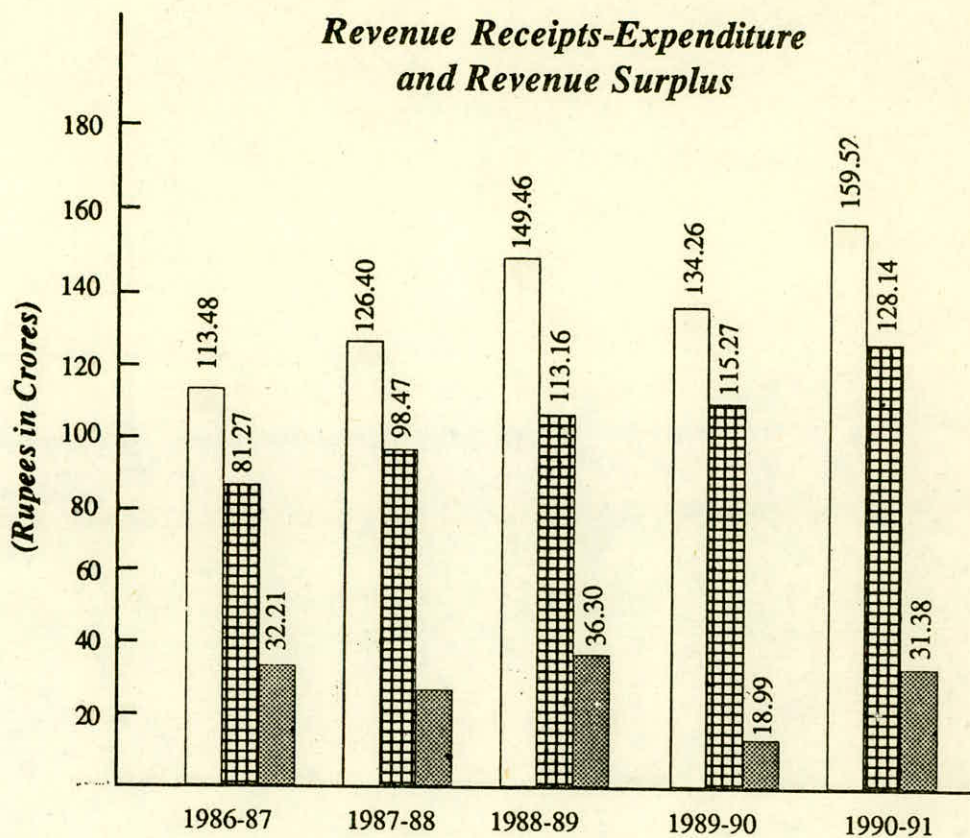
Assets



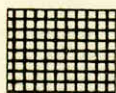
Liabilities



Revenue Receipts-Expenditure and Revenue Surplus



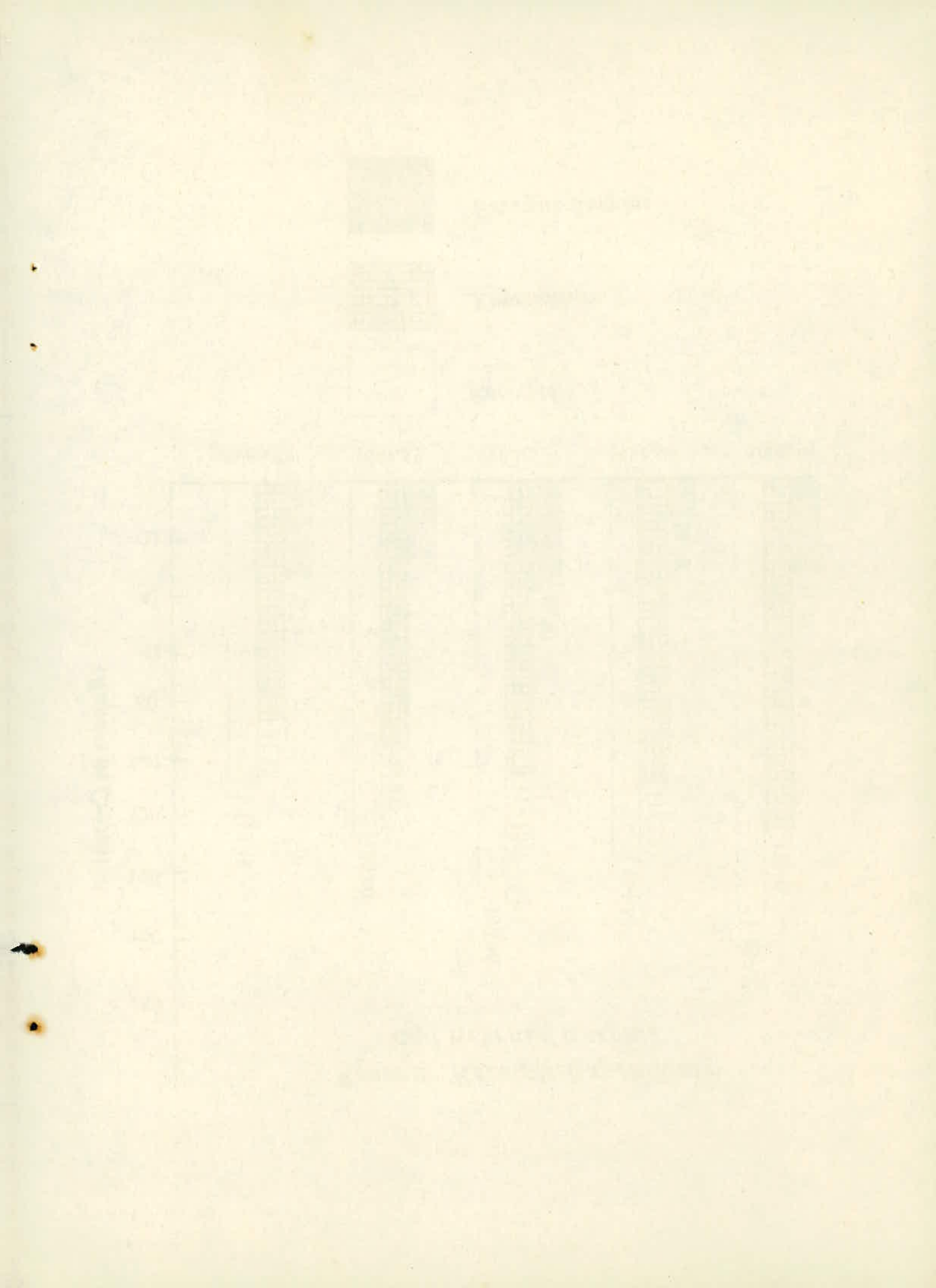
Receipts



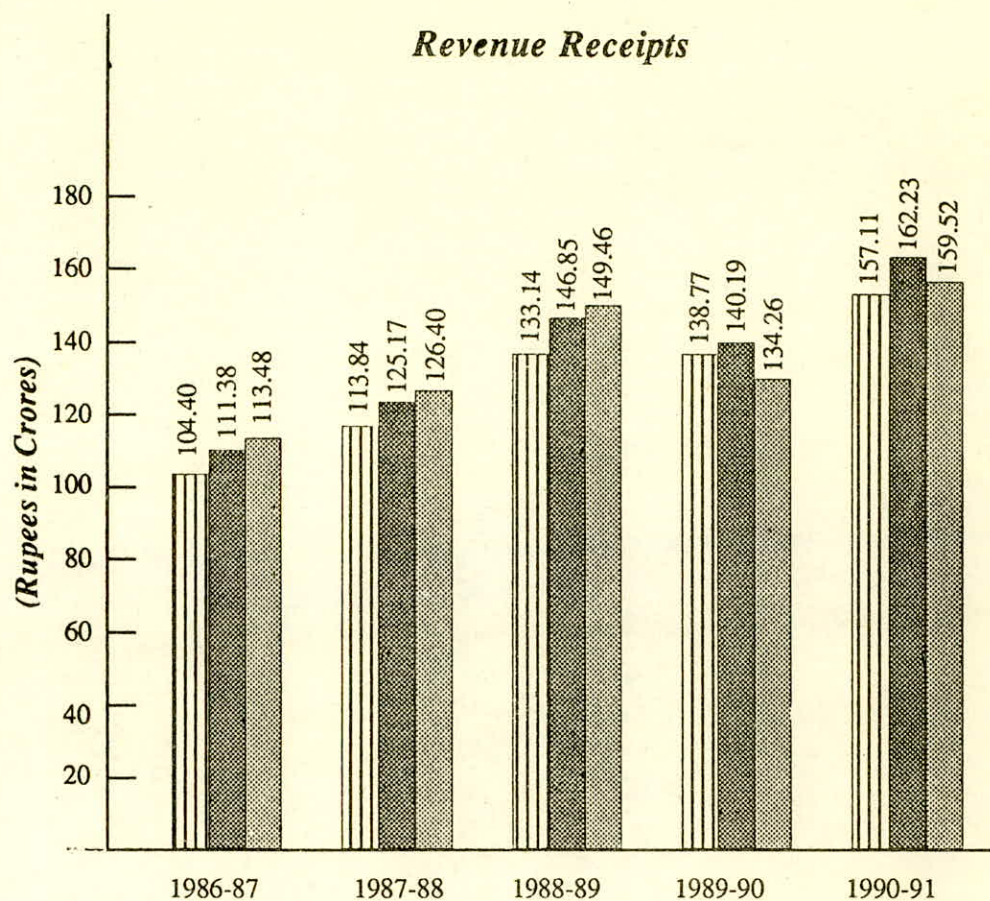
Expenditure



Revenue Surplus



Revenue Receipts



Budget Estimates



Revised Estimates



Actuals

While the assets have grown by 118 per cent during 1986-91, the increase in the liabilities during the same period was 171 per cent which indicates inadequate control on the trend of liabilities.

1.3 Revenue surplus

The revenue receipts, revenue expenditure and surplus during last five years were as follows:-

<i>Year</i>	<i>Revenue receipts</i>	<i>Revenue expenditure</i>	<i>Revenue surplus</i>
<i>(Rupees in crores)</i>			
1986-87	113.48	81.27	32.21
1987-88	126.40	98.47	27.93
1988-89	149.46	113.16	36.30
1989-90	134.26	115.27	18.99
1990-91	159.52	128.14	31.38

By the end of 1990-91, the revenue receipts had increased by 41 per cent over 1986-87 as against the growth of 58 per cent in the revenue expenditure during the same period.

The percentage of revenue surplus to the actual revenue receipts during the last five years is given below :-

<i>Year</i>	<i>Budget estimates</i>	<i>Revised estimates</i>	<i>Actuals</i>	<i>Revenue surplus</i>	<i>Percentage of actual revenue sur- plus to ac- tual reve- nue recei- pts</i>
<i>(Rupees in crores)</i>					
1986-87	104.40	111.38	113.48	32.21	28
1987-88	113.84	125.17	126.40	27.93	22
1988-89	133.14	146.85	149.46	36.30	24
1989-90	138.77	140.19	134.26	18.99	14
1990-91	157.11	162.23	159.52	31.38	20

It would be seen that while the revenue receipts increased by 41 per cent in 1990-91 as compared to 1986-87, the percentage of revenue surplus to the actual receipts declined from 28 per cent to 20 per cent during the same period.

1.4 Revenue Receipts

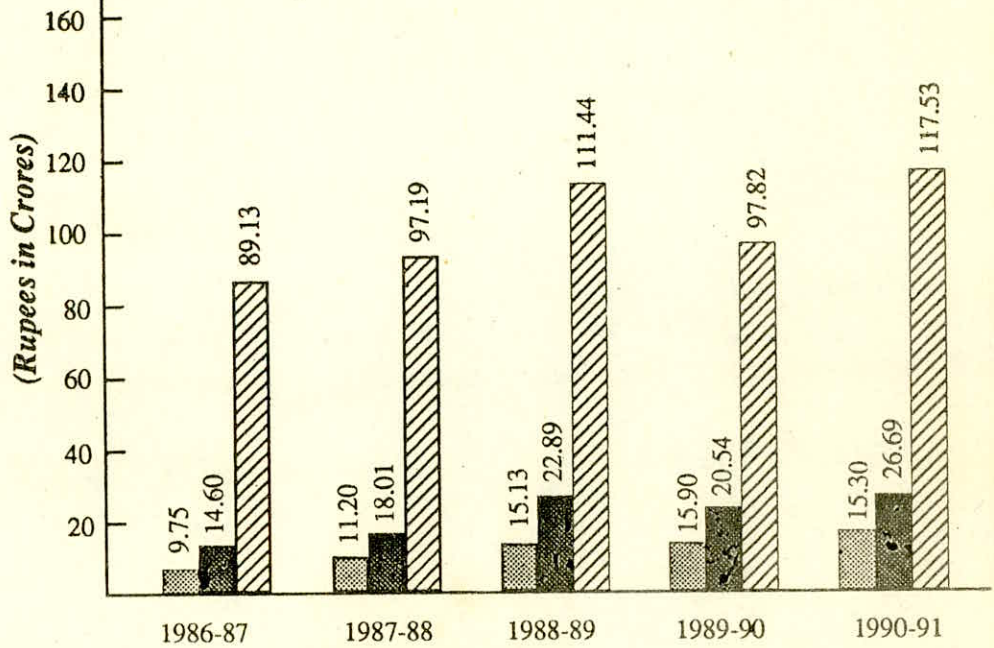
1.4.1 The budget estimates and actual revenue receipts during the last five years ending 1990-91 are given below:-

Year	Revised estimates	Actuals	Percentage of increase (+)/shortfall (—) in revenue receipts over the previous year
	(Rupees in crores)		
1986-87	111.38	113.48	24
1987-88	125.17	126.40	11
1988-89	146.85	149.46	18
1989-90	140.19	134.26	(—) 10
1990-91	162.23	159.52	19

The position of revenue raised by the State and of the State's share of taxes and grants received from the Government of India was as follows:-

	1986-87	1987-88	1988-89	1989-90	1990-91
	(Rupees in crores)				
I. Revenue raised by the State Government					
(a) Tax Revenue	9.75	11.20	15.13	15.90	15.30
(b) Non-Tax Revenue	14.60	18.01	22.89	20.14	26.69
Total:	24.35	29.21	38.02	36.44	41.99
II. Receipts from Government of India					
(a) State's share of Union Excise Duties	13.83	15.27	19.14	17.00	21.20
(b) Grants-in-aid	75.30	81.92	92.30	80.82	96.33
Total :	89.13	97.19	111.44	97.82	117.53

Analysis of Revenue Receipts



Tax Revenue



Non -Tax Revenue



Receipts from Government of India

III. Total receipts of State Government (Revenue Accounts)	113.48	126.40	149.46	134.26	159.52
IV. Percentage of re- venue raised to the total receipt	24	23	25	27	26

1.4.2 Tax Revenue

The trend of tax revenue in the last five years was as follows:-

Year	Tax revenue	Percentage of increase (+) / shortfall (—) over previous year
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(Rupees in crores)

1986—87	9.75	(+) 28
1987—88	11.20	(+) 15
1988—89	15.13	(+) 35
1989—90	15.90	(+) 5
1990—91	15.30	(—) 4

The tax revenue receipts during the year were Rs.15.30 crores against the anticipated receipts of Rs.16.04 crores. The shortfall (Rs.0.74 crore) was mainly due to less receipts under State Excise, Taxes on Income other than Corporation tax and Stamps and Registration Fees. Besides, there was a steady growth in the tax revenue upto 1989-90 and the trend reversed and there was a decrease of Rs.0.60 crore (4 per cent) during 1990-91 as compared to previous year's tax revenue (Rs.15.90 crores).

An analysis of the revenue raised by the State Government and its percentage (in bracket) to the total tax revenue is presented in the

following table:-

	1986-87	1987-88	1988-89	1989-90	1990-91
(Rupees in crores)					
1. State Excise	4.07 (42)	4.73 (42)	6.67 (44)	7.57 (48)	6.43 (42)
2. Income Tax	2.93 (30)	3.07 (27)	4.48 (30)	4.18 (26)	3.98 (26)
3. Sales Tax	1.69 (17)	2.10 (19)	2.37 (16)	2.71 (17)	3.07 (20)
4. Taxes on Vehicles	0.17 (2)	0.29 (2)	0.33 (2)	0.33 (2)	0.37 (2)
5. Stamps and Registration Fees	0.08 (1)	0.18 (2)	0.18 (1)	0.20 (1)	0.18 (1)
6. Land Revenue	0.10 (1)	0.08 (1)	0.13 (1)	0.08 (1)	0.28 (2)
7. Other Taxes and Duties	0.71 (7)	0.75 (7)	0.97 (6)	0.83 (5)	0.99 (7)
Total:	9.75 (100)	11.20 (100)	15.13 (100)	15.90 (100)	15.30 (100)

1.4.3 Non-Tax Revenue

The Non-Tax Revenue during the last five years was as follows:-

Year	Non-tax revenue	Percentage of increase (+) / shortfall (—) over the previous year
(Rupees in crores)		
1986-87	14.60	(+) 35
1987-88	18.01	(+) 23
1988-89	22.89	(+) 27
1989-90	20.54	(—) 10
1990-91	26.69	(+) 29

It would be seen that the growth in non-tax revenue had been erratic and during 1989-90 there was no growth at all.

1.5 State's share of Union Duties and Grants received from Government of India

Of the revenue receipts of Rs. 159.52 crores during the year, Rs. 117.53 crores were received from Government of India as grants and share of Union Excise Duties which constituted 74 per cent of the total revenue receipts and 92 per cent of the revenue expenditure.

The yearwise details for the five year period ending 31st March 1991 are given below:-

Year	State's share of Union Ex- cise Duties	Grants- in-aid re- ceived from Govern- ment of India	Total	Percentage to the total of Revenue receipts	Revenue expenditure
(Rupees in crores)					
1986-87	13.83	75.30	89.13	79	110
1987-88	15.27	81.92	97.19	77	99
1988-89	19.14	92.30	111.44	75	98
1989-90	17.00	80.82	97.82	73	85
1990-91	21.20	96.33	117.53	74	92

As in previous years, a part of the amounts released by the Government of India towards grants-in-aid and State's share of Union Excise Duties was not credited into Government Account during 1990-91 by the State Government. The amount held back during 1990-91 was Rs. 9.20 crores. In addition, amounts aggregating Rs. 0.03 crore relating to 1987-88 (Rs. 0.33 lakh) and 1988-89 (Rs. 2.90 lakhs) were held back till the end of 1990-91. On the other hand, Rs. 7.59 crores pertaining to the years 1985-86 (Rs. 1.27 lakhs), 1987-88 (Rs. 139.00 lakhs), 1988-89 (Rs. 110.00 lakhs) and 1989-90 (Rs. 508.42 lakhs) were credited during the current year i.e. 1990-91.

Government assured Audit in February 1992 that steps would be taken for opening an account with one of the Nationalised Banks in Delhi so as to facilitate the prompt credit of funds received by the State from Government of India.

1.6 Revenue Expenditure

(a) The following table indicates the details of plan expenditure

under revenue sector for the last 5 years as against the budget estimates and revised estimates:

Year	Budget estimates	Revised estimates	Actual plan expenditure	Shortfall with reference to budget estimates
(Rupees in crores)				
1986-87	42.67	42.94	34.28	8.39 (20)*
1987-88	47.56	48.08	37.26	10.30 (22)
1988-89	45.72	48.87	36.19	9.53 (21)
1989-90	50.68	52.95	40.15	10.53 (21)
1990-91	50.70	52.77	40.88	9.82 (19)

It would be seen that actual expenditure was persistently short by around one-fifth of the budget estimates. Yet, the funds were being augmented every year in the revised estimates which was not necessary.

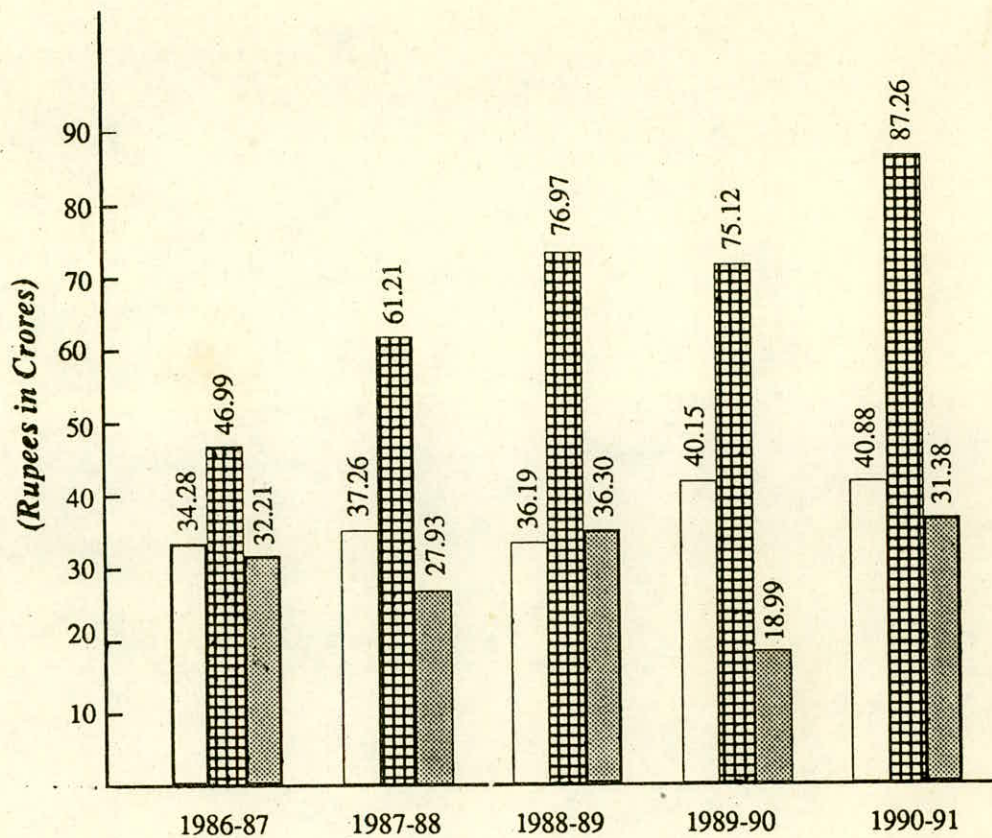
(b) Expenditure under plan and non-plan during the five years together with percentage to the total revenue expenditure is indicated below :-

Year	Total revenue expenditure	Plan expenditure	Percentage to the total revenue expenditure	Non-Plan expenditure	Percentage to the total revenue expenditure
	(Rupees in crores)			(Rupees in crores)	
1986-87	81.27	34.28	42	46.99	58
1987-88	98.47	37.26	38	61.21	62
1988-89	113.16	36.19	32	76.97	68
1989-90	115.27	40.15	35	75.12	65
1990-91	128.14	40.88	32	87.26	68

It would be seen that while the total expenditure was increasing over the years, expenditure under plan, however, has declined from 42 per cent of the total revenue expenditure during 1986-87 to 32 per cent in 1990-91. On the other hand,

† Figures within parenthesis represent the percentage of shortfall with reference to Budget estimates.

Growth of Revenue Expenditure



Plan Expenditure



Non-Plan Expenditure



Revenue Surplus



Удобрение почвы



Удобрение почвы



Удобрение почвы

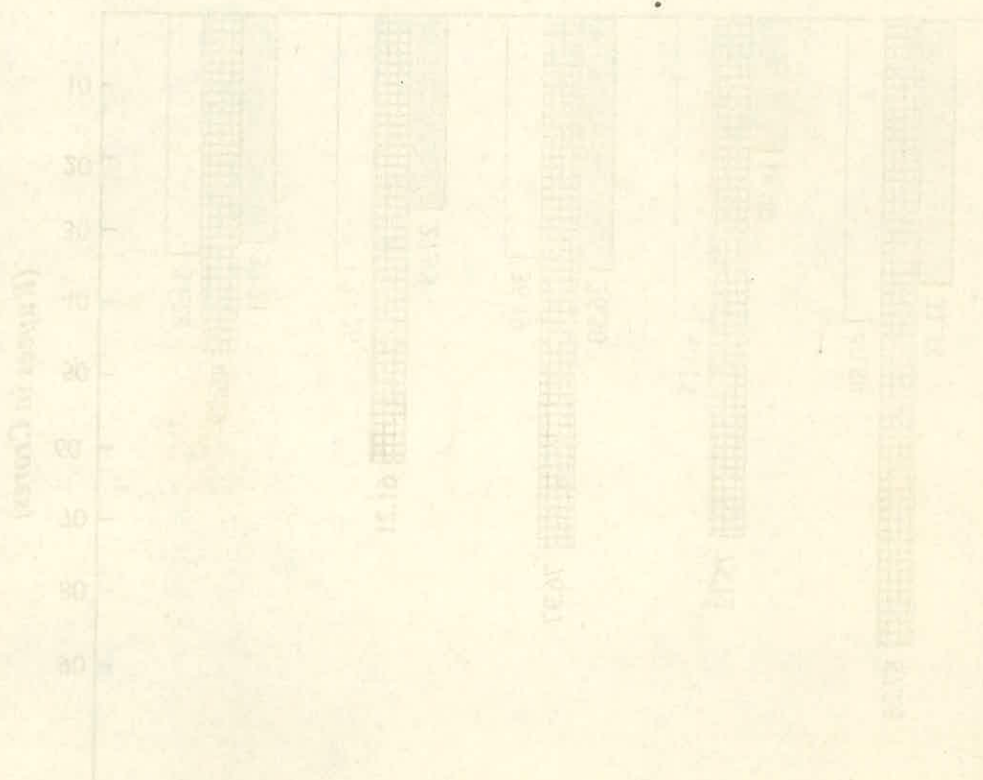
1954-55

1955-56

1956-57

1957-58

1958-59



Количество удобрений

non-plan expenditure has increased from 58 per cent of the total revenue expenditure in 1986-87 to 68 per cent during 1990-91.

(c) The following table shows the details of non-plan revenue expenditure other than interest payments, where the increase over the period of five years had been significant.

Particulars of Department	1986-87	1990-91	Percentage of increase in 1990-91 over 1986-87
(Rupees in crores)			
(1) Land Revenue	0.13	0.49	277
(2) Other Administrative Services	0.40	1.20	200
(3) Power	2.34	6.36	172
(4) Public Works (Buildings)	0.51	1.63	220
(5) Agriculture	0.94	1.89	101
(6) Education	7.49	14.88	99
(7) Co-Operation	0.18	0.35	94
(8) Excise	0.14	0.27	93
(9) Treasury and Accounts Administration	0.35	0.67	91
(10) Urban Development	0.16	0.30	88
(11) Information and Publicity	0.14	0.26	86

1.7 Capital Expenditure

The capital expenditure during 1986-87 to 1990-91 is as follows:

Year	Capital expenditure	Percentage of increase over the previous year
(Rupees in crores)		
1986-87	31.84	27
1987-88	36.89	16
1988-89	46.27	25
1989-90	46.59	1
1990-91	50.38	8

While there has been a steady growth up to 1988-89, the rate of increase of the capital expenditure declined significantly during 1989-90 and 1990-91 despite heavy borrowings towards market loans since 1988-89 onwards.

During the year 1990-91, the expenditure of Rs. 50.38 crores under capital sector was less by Rs.11.85 crores (19 per cent) than the budget estimates (Rs.62.23 crores). The main reasons for shortfall in expenditure has been indicated wherever furnished by the State Government in Chapter II of this Report and the Appropriation Accounts.

1.8 Public Debt and other liabilities

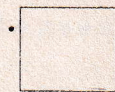
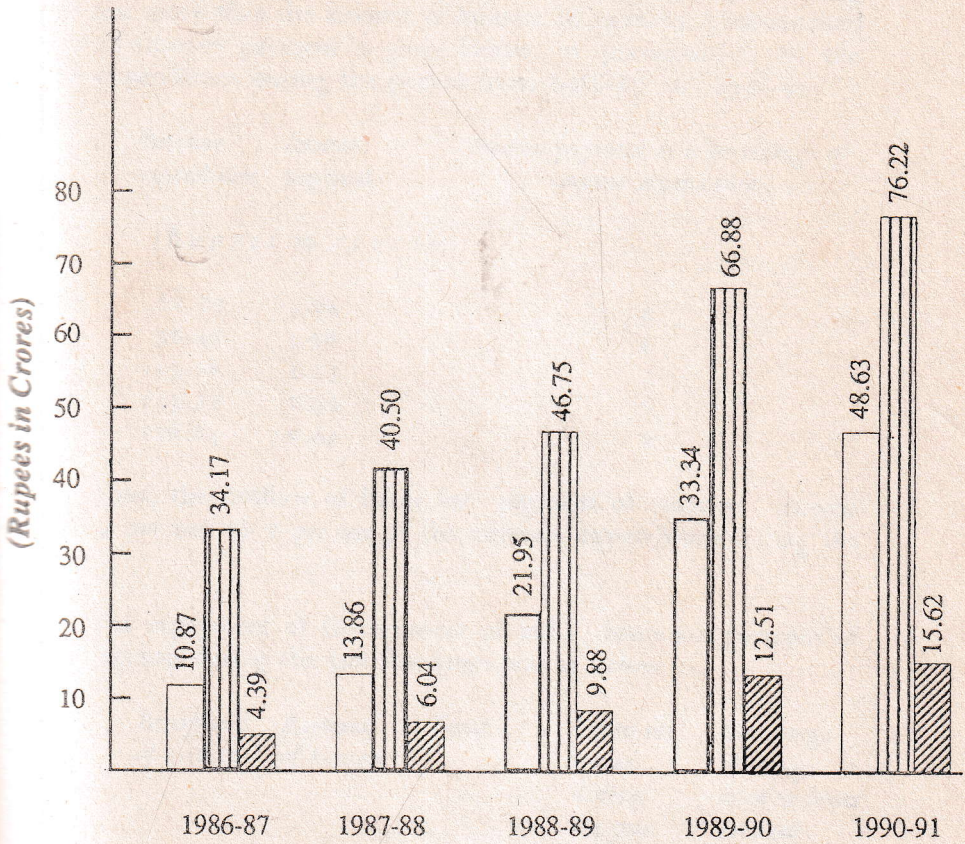
1.8.1 Under Article 293 (i) of the Constitution, a State may borrow within the territory of India, upon the security of its Consolidated Fund within such limits as may from time to time be fixed by the the Act of Legislature of State. No law has been passed by the State Legislature laying down such a limit.

The details of total liabilities of the State Government during the five years ending March 1991 are given below:-

Year	Internal Debt	Loans and advances from Central Debt Government	Total Public Debt	Other liabilities	Total liabilities
(Rupees in crores)					
1986-87	10.87	34.17	45.04	4.39	49.43
1987-88	13.86	40.50	54.36	6.04	60.40
1988-89	21.95	46.75	68.70	9.88	78.58
1989-90	33.34	66.88	100.22	12.51	112.73
1990-91	48.63	76.23	124.85	15.62	140.47

It will be seen that the total liabilities of Government had increased from Rs.49.43 crores in 1986-87 to Rs.140.47 crores in 1990-91 registering an increase of 184 per cent over a period of five years.

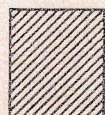
Public Debt



Internal Debt.



Loans and Advances



Others

1.8.2 Debt Service

The outflow of funds on account of interest payments (gross) has been gradually rising with such payment during 1990-91 being 243 per cent more than the amount of interest in 1986-87. A summarised position of interest payment is given below in juxtaposition to the revenue expenditure during the period from 1986-87 to 1990-91.

Year	Revenue expenditure	Interest payment	Interest payment as a percentage of revenue expenditure
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(Rupees in crores)

1986-87	81.27	3.04	4
1987-88	98.47	3.98	4
1988-89	113.16	5.53	5
1989-90	115.27	7.44	6
1990-91	128.14	10.44	8

Thus, the outflow of funds for payment of interest ranged between 4 per cent to 8 per cent of the revenue expenditure during the period.

The repayment of Government of India loans and payment of interest thereon during the last five years was as below :-

Year	Repayment of principal	Payment of interest	Total	Loans received during the year	Percentage of repayment to loans received
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(Rupees in crores)

1986-87	1.22	1.93	3.15	6.88	46
1987-88	1.66	2.39	4.05	7.99	51
1988-89	2.31	3.03	5.34	8.56	62
1989-90	2.92	3.69	6.61	23.05	29
1990-91	2.99	5.13	8.12	12.33	66

It would thus be seen that a major part of the loans received from the Government of India ranging from 46 per cent (1986-87) to 66 per cent (1990-91) were utilised for discharge of previous years' liabilities towards principal and interest thereon.

1.8.3 Ways and Means Advances

An amount of Rs.1.15 crores received from the Central Government towards Ways and Means Advances in the year 1983-84 could not be adjusted in the accounts for want of advice from the State Government.

1.9 Interest Payments

Interest Payments have been increasing during the last five years as indicated below:-

Year	Interest payments	Opening Balance of			Total	Percentage of interest payment (Col.2) to total obligation (Col.6)
		Internal Debt	Small savings/ Provident fund etc.	Loans and advances from Central Government		
1	2	3	4	5	6	7
(Rupees in crores)						
1986-87	3.04	7.53	3.54	28.51	39.58	8
1987-88	3.98	10.87	4.39	34.17	49.43	8
1988-89	5.53	13.86	6.04	40.50	60.40	9
1989-90	7.44	21.95	9.88	46.75	78.58	9
1990-91	10.44	33.34	12.51	66.88	112.73	9

1.10 Investment and returns

The total investment of the Government in Statutory Corporations, Government Companies and public sector undertakings were Rs.14.19 crores at the end of 1990-91. The details of amounts invested and the dividend received thereagainst during last five years were as below:-

<i>Year</i>	<i>Amount invested during the year</i>	<i>Total investment to the end of the year</i>	<i>Dividend received</i>	<i>Percentage of dividend/ interest received to total investment</i>
<i>(Rupees in crores)</i>				
1986-87	0.68	6.80	0.77	11
1987-88	1.63	8.43	0.66	8
1988-89	1.30	9.73	1.61	17
1989-90	1.08	10.81	0.70	6
1990-91	3.38	14.19	1.06	7

The dividend of Rs. 1.06 crores was received from only one unit (Sikkim Distilleries Limited) in which the Government invested Rs.1.53 crores to the end of March 1991. Rupees 1.06 crores comprised interim dividend declared for 1989-90 (Rs. 0.33 crore) and 1990-91 (Rs.0.73 crore) and credited to Government account in 1990-91. No dividend was received from any of the remaining 18 units, in which a total amount of Rs.12.66 crores stand invested to the end of 1990-91.

1.11 Loans and Advances by State Government

(a) The State Government has been advancing loans to Government companies, corporations, autonomous bodies, co-operatives, Non-Government Institutions etc. for developmental and non-developmental activities. The position of such loans during the five years 1986-91

is given below:

Year	Opening balance	Advanced during the year	Recovered during the year	Closing balance	Net addi- tion	Interest received and cre- dited to Govern- ment	Net receipts, long term borro- wings
(Rupees in crores)							
1986-87	4.82	1.06	0.38	5.50	0.68	0.38	9.00
1987-88	5.50	1.42	0.86	6.06	0.56	0.33	9.32
1988-89	6.06	1.85	0.51	7.40	1.34	@	14.34
1989-90	7.40	1.82	0.36	8.86	1.46	—	31.53
1990-91	8.86	1.43	0.22	10.07	1.21	*	24.62

The net loans and advances disbursed during each of the five years 1986-91 constituted 8 per cent, 6 per cent, 9 per cent, 5 per cent and 5 per cent respectively of the net receipts from long term borrowings of the State Government.

(b) Recoveries and Arrears

In respect of the loans, the detailed accounts of which were maintained by the Departmental officers, the controlling officers were required to furnish a statement to the Accountant General showing the details of arrears in recovery of the loans instalments and interest due by June every year. However, no such statements were received from any of the Departments and as such the amount of overdue principal and interest could not be worked out.

@ Rs. 30,000 only.

* Rs. 75 only

1.12 Guarantees given by Government

Guarantees up to a maximum of Rs. 10 lakhs each were given by the State Government to the State Bank of Sikkim in August 1975 and July 1976 in respect of advances (overdraft) made by the Bank to the Sikkim Mining Corporation and Sikkim Consumers' Co-operative Society respectively. The amount of outstanding overdraft of the Sikkim Consumers' Co-operative Society was Rs. 4.79 lakhs as on 31st March 1991. No guarantee was invoked during the year.

No law under Article 293 of the Constitution has been passed by the State Legislature laying down the limits within which Government may give guarantees on the security of the Consolidated Fund of the State.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 General

The summarised position of actual expenditure during 1990-91 against grants/appropriations is as follows:—

	Original grant/ app- ropriation	Supplemen- tary grant/ appropri- ation	Total	Actual ex- penditure	Variation Saving (—)
(Rupees in lakhs)					
I Revenue					
Voted	12461.66	929.95	13391.61	12338.16	(—) 1053.45
Charged	1202.29	44.40	1246.69	1106.66	(—) 140.03
II. Capital					
Voted	5650.45	165.45	5815.90	5037.55	(—) 778.35
III. Public Debt					
Charged	366.33	0.56	366.89	325.19	(—) 41.70
IV. Loans & Advances					
Voted	206.10	—	206.10	143.65	(—) 62.45
Total	19886.83	1140.36	21027.19	18951.21	(—) 2075.98

2.2 The following points emerge broadly from Appropriation audit:—

2.2.1 Supplementary provision obtained during the year constituted 6 per cent of the original budget provision as against 8 per cent in the preceding year.

2.2.2 Supplementary provision of Rs.357.45 lakhs obtained in 2 appropriations and 13 grants (Appendix 1) proved unnecessary. In case of one appropriation and 18 grants (Appendix 2), the additional funds required were only Rs.320.83 lakhs as against the supplementary grants of Rs.500.75 lakhs obtained, resulting in final savings ranging from Rs.0.02 lakh to Rs.135.71 lakhs.

In 9 grants (Appendix 3) supplementary provision of Rs.282.16 lakhs obtained proved insufficient leaving an aggregate uncovered excess of Rs.44.60 lakhs.

2.2.3 The overall saving was Rs.2123.13 lakhs in 8 appropriations and 44 grants. The overall excess (Appendix 4), on the other hand, was Rs.47,15,836 in 13 grants requiring regularisation under Article 105 of the Constitution.

2.3 In the following grants, the expenditure fell short by more than Rs.10 lakhs in each case and also by more than 10 per cent of the total provision.

Sl. No.	Description of the grant/ appropriation	Amount of saving (Rupees in lakhs) (per- centage of provision in brackets)	Reasons for saving
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Revenue - Voted

1.	17-Public Works (Buildings)	183.96 (20)	Saving of Rs.96.80 lakhs, which was surrendered was attributed mainly to reduction in debit balance under stock. Reason for balance saving had not been intimated (November 1991).
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2.	19-Pension and Other Retirement Benefits	24.70 (16)	Savings occurred under commuted value of pensions and gratuities reasons of which had not been intimated (November 1991).
3.	43-Rural Development	48.30 (17)	Saving was attributed to non-receipt of Central share (Rs.33.24 lakhs), non-receipt of details of advance payment for adjustment (Rs.2.64 lakhs), change in sharing pattern of fund between Central and State (Rs.2.28 lakhs) and according to Government order (Rs.10.00 lakhs).
4.	44-Irrigation and Flood Control	56.83 (19)	Saving of Rs. 432.20 lakhs under suspense (Stock) was attributed to direct purchase of cement from work itself. Reasons for the balance saving had not been intimated (November 1991).
5.	45-Power	135.71 (15)	Saving of Rs.3.73 lakhs was on account of 10 per cent cut imposed by Government. Reasons for the saving of balance were not intimated (November 1991).
6.	48-Roads and Bridges	142.41 (14)	Saving occurred due to non-receipt of details of expenditure under Strategic and Border Roads from the Ministry of Shipping and Transport.

7.	49-Road Transport Services	114.94 (11)	Due mainly to less purchase of spare parts during the years, non-expenditure on training school and less hiring of private trucks.
8.	51-Secretariat Economic Services	13.41 (18)	Saving of Rs. 3.24 lakhs was attributed to less expenditure than originally anticipated. Reasons for the savings of balance amount had not been intimated (November 1991).
9.	52-Tourism	15.66 (13)	Due mainly to non-performance of tours owing to shortage of petrol, deferment in purchase of tourist buses, non-setting up of Tourism Development Corporation, non-taking up of trekking programmes and non-receipt of bills.
Revenuc-Charged			
10.	Interest Payments	126.88 (11)	Reasons for the saving had not been intimated (November 1991).
Capital - Voted			
11.	48-Roads and Bridges	671.93 (41)	Due mainly to non-receipt of details / expenditure statements from Ministry of Shipping and Transport under Strategic and Border Roads.

12.	54-Loans to Government Servants	16.95 (30)	Saving was stated to be due to non-receipt of applications for House Building Advance from All India Service officers.
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Capital -Charged

14.	53-Public Debt	41.70 (11)	Reasons for the saving had not been intimated (November 1991).
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2.4 Trend of recoveries and credits

Under the system of gross budgeting, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts as reduction of expenditure, the estimated recoveries and credits are shown separately below the budget estimates. During 1990-91, such recoveries and credits anticipated were Rs.838 lakhs (Revenue). Actual recoveries and credits during the year, however, were Rs. 630.07 lakhs.

Significant shortfall occurred under grant Nos. 17-Public Works (Buildings) (Rs.163.13 lakhs, 33 per cent), 44-Irrigation (Rs.10.53 lakhs, 18 per cent) and 45-Power (Rs.128.76 lakhs, 86 per cent).

2.5 Injudicious/irregular/inadequate reappropriations

Reappropriation is transfer of fund within a grant, from one unit of appropriation where savings are anticipated, to another unit where additional funds are needed. Financial Rules enjoin that reappropriation of funds shall be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilised in full or that savings can be effected in the appropriation for the said amount. Further, funds shall not be reappropriated from a unit with the intention of restoring the diverted appropriation to that unit when savings become available under other units, later in the year.

Scrutiny of reappropriation orders revealed non-observance of these requirements resulting in incorrect reappropriations. Some important instances involving injudicious/irregular/inadequate re-appropriations are given in *Appendix 5*.

2.6 Non-receipt of explanation for savings/excesses

After the close of the accounts for the financial year, the detailed Appropriation Accounts showing the final grants/appropriations the actual expenditure and the resultant variations are sent by the Accountant General to the Controlling Officer requiring them to explain the variations. In regard to Appropriation Accounts for the year 1990-91, explanations were not received (August 1991) for 23 out of 54 grants/appropriations in which there were excesses or savings.

2.7 Delay in regularisation of excesses of earlier years

The excesses incurred in grants/appropriations during 1979-80 to 1989-90 amounting to Rs.1081.29 lakhs mentioned in the Reports of the Comptroller and Auditor General of India for the years have not yet been regularised (October 1991). The year-wise details of excesses were as under :-

Year	Excess not regularised (Rupees in lakhs)
1979-80	0.34
1981-82	1.25
1983-84	441.53
1984-85	65.06
1985-86	313.97
1986-87	32.63
1987-88	58.08
1988-89	88.80
1989-90	79.63
	<hr/> 1081.29

2.8 Contingency Fund

A Contingency Fund of Rs. 50 lakhs has been placed at the disposal of the Governor to enable it to make advances for meeting unforeseen expenditure pending authorisation by the Legislature.

The Contingency Fund closed with a debit balance of Rs.0.15 lakh in 1986-87 and similar position continued till the end of 1989-90. In 1990-91, the fund closed with a debit balance of Rs.16 lakhs. This indicated that the amount was drawn from the Contingency Fund in excess of the authorised limit.

The Finance Department intimated (December 1991 and February 1992) that necessary instructions had been issued to the concerned departments for recoupment of the advances during the year 1991-92.

2.9 A general examination of the excesses/savings under various grants/appropriations revealed the following

(a) Persistent saving of 10 per cent and above were noticed in the following cases during the last three years:-

Sl. No.	Grant/Appropriation	Savings		
		1988-89	1989-90	1990-91
		(Rupees in lakhs)		
	Revenue - Charged	(Percentage to the total provision in bracket)		
1.	17-Public Works (Buildings)	0.31 (15)	2.07 (74)	1.70 (72)
	Revenue - Voted			
1.	7-Stamps and Registration	0.38 (75)	0.50 (100)	0.48 (19)
2.	17-Public Works	215.59 (24)	309.97 (34)	183.96 (20)
3.	20-Miscellaneous General Services	15.50 (83)	13.59 (79)	5.36 (31)
4.	43-Rural Development Department	39.40 (15)	93.34 (38)	48.30 (17)
5.	45-Power	151.16 (18)	128.72 (17)	135.71 (15)
6.	51-Secretariat Economic Services	5.42 (10)	8.71 (13)	13.41 (18)

Capital - Voted

1.	47-Mines and Geology	5.17 (40)	18.56 (92)	1.00 (100)
2.	48-Roads and Bridges	243.82 (14)	642.03 (40)	671.93 (40)
3.	54-Loans to Government Servants	13.25 (32)	14.13 (31)	16.95 (30)

(b) (i) In the following cases, provision of supplementary grant which was wholly unnecessary, was persisting.

Sl. No.	Grant	Year	Supplementary grant (Rupees in lakhs)	Final saving
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Revenue - Voted

1.	Public Works	1988-89	20.30	215.59
		1989-90	13.28	309.97
		1990-91	18.45	183.96
2.	Animal Husbandry	1988-89	5.96	10.33
		1989-90	1.66	27.85
		1990-91	2.75	15.37

Capital - Voted

1.	Public Works	1988-89	41.97	147.73
		1989-90	31.17	234.90
		1990-91	60.10	74.05

(ii) In the following cases the supplementary provisions made were insufficient during the last three years:

Sl. No.	Grant	Year	Supplementary grant (Rupees in lakhs)	Final excess
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Revenue-Voted

1.	State Legislature	1988-89	3.00	0.84
		1989-90	3.65	2.18
		1990-91	6.10	1.66
2.	Medical and Public Health	1988-89	78.29	5.53
		1989-90	61.53	50.67
		1990-91	66.73	12.51

2.10 Reconciliation of expenditure

Sikkim Financial Rules 1979, provides that the Administrative Department controlling a grant or appropriation should reconcile the departmental figures of accounts with those booked by the Accountant General every month. Stress was also laid by several PACs on periodical reconciliation. During 1990-91, out of 54 grants, accounts of only 42 grants were fully reconciled by the concerned Departments and accounts of 7 grants were partially reconciled.

The expenditure incurred under the remaining 5 grants amounting to Rs.179.90 lakhs remained unreconciled.

CHAPTER III

CIVIL DEPARTMENTS

AGRICULTURE DEPARTMENT

3.1 Seed Production, Multiplication and Distribution Programme

3.1.1 Introduction

A Programme for production of improved varieties of seeds in Sikkim was started in 1975-76. Till the end of Fifth Plan i.e. 1979-80, the programme was restricted only to Government farms and was later extended to the farmers' fields from 1980-81 onwards. The programme aims at increasing quality seed production within the State, and streamlining the seed production with scientific methods. Major components of the programme are as below :-

(a) Seed production in Government farms :

Production of high quality breeder seeds, foundation seeds and certified seeds of recommended and promising crop varieties for further multiplication in fields as well as for general distribution.

(b) Seed production in farmers' fields :

Production of quality seeds of suitable crop varieties under supervision of the Agriculture Department in private fields to cut down the quantum of dependence for seeds from outside sources. The Department procures from the local farmers or nurseries at Government approved rate, the tested and recommended seeds produced for use as certified seed/truthfully labelled seed.

(c) High-Yield Varieties (HYV) Programme :

The Department procures a limited quantity of high-yielding seeds from Government organisation/corporation through local seed handlers and distributes them in the State to popularise their use for increasing the agriculture production.

All abbreviations used in this Review are listed in the Glossary in Appendix 17 (Page No. 182).

3.1.2 Organisational set up

The responsibility for the implementation of the programme is vested in the Agriculture Department headed by a Director, who is assisted by a Joint Director, a Deputy Director, a Maize Breeder and a Seed Development Officer at the Headquarters. The programme is executed through 4 Deputy Directors stationed at the four district headquarters. Creation of basic infrastructure for seed certification and processing, seed-testing, etc. are handled directly by the head office of Agriculture Department.

3.1.3 Audit Coverage

A Review of the scheme with reference to the records maintained at the Headquarters and in 4 districts for 1986-87 to 1990-91 was conducted during April to June 1991.

3.1.4 Highlights

— There was persistent shortfall in the achievement of targets of wheat, urd, potato and ginger seeds in Government farms.

(Paragraph 3.1.6)

— Norms of productivity of seed per hectare and of cost of cultivation per hectare were not fixed.

(Paragraph 3.1.7)

— Though the production of wheat, maize and paddy in the State had been increasing, seeds of high quality still had to be procured by and large from outside the State

(Paragraph 3.1.8)

— There was shortfall of Rs.18.14 lakhs in realisation of the value of seeds sold at subsidised rates due to excess issue of seeds for demonstration purposes.

(Paragraph 3.1.9(a))

— Seed potatoes continued to be distributed to the farmers on seed-to-seed loan basis even though the recovery rate was either nil or negligible.

(Paragraph 3.1.9(b))

— Setting up of a seed processing unit at Majhitar taken up in 1982 was yet to be completed as of October 1991.

(Paragraph 3.1.10)

— A seed potato farm maintained at Zaluk where the agroclimatic condition did not suit the crop resulted in persistent losses.

(Paragraph 3.1.11 (a))

— Seeds valued at Rs. 0.78 lakh were not accounted for. Sale proceeds of seed potato amounting to Rs.1.67 lakhs had not been accounted for.

(Paragraph 3.1.11 (b&c))

— There was an excess payment of Rs.0.94 lakh towards Central sales tax due to non-furnishing of Form-D.

(Paragraph 3.1.11(d))

— No study or evaluation of the programme was conducted.

(Paragraph 3.1.12)

3.1.5 Financial outlay and expenditure

The year-wise budget provision and actual expenditure there-against during the last five years were as follows:

Year	<u>Budget provision</u>		<u>Expenditure</u>		<u>Excess(+)/Saving(-)</u>	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
(Rupees in lakhs)						
1986-87	30.83	0.50	34.00	0.50	(+)3.17	Nil
1987-88	32.84	4.00	33.54	1.98	(+)0.70	(-)2.02
1988-89	34.50	3.00	35.17	2.62	(+)0.67	(-)0.38
1989-90	35.02	3.00	35.43	2.91	(+)0.41	(-)0.09
1990-91	47.00	1.70	42.42	3.66	(-)4.58	(+)1.96

3.1.6 Target and achievements

(a) The target (T) fixed during 1986-87 to 1990-91 seeds and truthfully labelled seeds in respect of the six (A) thereagainst are given below:-

Sl. No.	Name of seeds	1986-87			1987-88		
		T	A	Percentage of shortfall	T	A	Percentage of shortfall

(Targets and achievements)

1.	Maize	40.00	50.70	—	40.00	40.50	—
2.	Paddy	35.00	30.60	13	35.00	27.80	21
3.	Wheat	36.00	33.00	8	35.00	30.50	13
4.	Urd	4.00	3.20	20	4.00	3.30	68
5.	Potato	220.00	208.80	5	270.00	183.10	32
6.	Ginger	20.00	14.20	29	30.00	19.60	35

Targets of production of paddy and wheat remain unchanged; Though the targets of other 4 seeds were increased, the production in 1990-91

The shortfall was attributed (June 1991) by the Department to higher growth rate, (ii) reduction of financial outlay without proportionate farms as some areas were transferred/lent to other Government Department of more land under adaptive trials and extension of area under pro- was also ascribed to factors like unfavourable/erratic weather conditions,

(b) Targets (T) fixed for 1986-87 to 1990-91 for the production seeds in respect of five of the six principal seeds in farmers' fields and

Sl. No.	Name of Seeds	1986-87			1987-88		
		T	A	Percentage of shortfall	T	A	Percentage of shortfall

(Targets and achievements)

1.	Maize	46.00	29.90	35	40.00	34.00	—
2.	Paddy	51.00	33.40	35	45.00	48.80	—
3.	Wheat	11.00	0.70	94	5.00	4.00	20
4.	Urd	20.00	24.80	—	21.00	20.60	2
5.	Potato	350.00	329.90	6	400.00	175.90	56

Note: The production of ginger seeds is

for production of breeder seeds/foundation seeds/certified principal seeds in 24 Government farms and achievement

1988-89			1989-90			1990-91		
<i>T</i>	<i>A</i>	<i>Percentage of shortfall</i>	<i>T</i>	<i>A</i>	<i>Percentage of shortfall</i>	<i>T</i>	<i>A</i>	<i>Percentage of shortfall</i>
in tonnes)								
52.00	44.20	15	52.00	42.80	18	52.50	39.18	25
35.00	35.80	—	35.00	32.30	8	35.00	27.07	23
35.00	26.40	25	35.00	32.00	9	35.00	29.06	17
5.00	2.50	50	5.00	2.60	48	5.00	1.07	71
300.00	218.10	27	350.00	198.50	43	360.00	152.84	58
30.00	25.40	15	30.00	19.00	37	32.00	22.65	29

but even so there was considerable shortfall on actual achievement. of 3 seeds-Maize/Urd/Potato was less than that of 1986-87.

(i) fixing the targets on higher side keeping in view the need to achieve reduction in physical targets, (iii) the reduction of size of the Government farms, and (iv) decrease in the area of Government farms due to allocation of orchards and horticulture programmes. The shortfall of seed potatoes out break of large scale late blight disease, etc.

of certified seeds/breeder seeds/foundation seeds and truthfully labelled achievement (A) thereagainst were as follows:

1988-89			1989-90			1990-91		
<i>T</i>	<i>A</i>	<i>Percentage of shortfall</i>	<i>T</i>	<i>A</i>	<i>Percentage of shortfall</i>	<i>T</i>	<i>A</i>	<i>Percentage of shortfall</i>
in tonnes)								
40.00	31.00	23	45.00	50.50	—	47.50	40.10	16
50.00	50.00	—	63.00	62.10	1	70.00	58.90	20
15.00	9.00	10	15.00	—	100	16.00	4.50	20
30.00	26.80	11	30.00	17.50	42	30.00	20.24	33
430.00	410.00	5	500.00	373.50	25	450.00	329.10	27

not undertaken in the farmers' fields.

No separate target for production of seeds in the farmers' fields were fixed. The Department stated (June 1991) that procurement of seeds from the farmers was taken as targets of production of seeds in their fields. It would be seen from *Appendix 6* that the estimates for the production of foodgrains of wheat, maize and paddy during 1986-87 to 1990-91 in farmers' fields were very high, which ranged from 49,200 to 59,000 tonnes for maize, 19,000 to 25,000 tonnes for paddy and 17,000 to 22,000 tonnes for wheat. In view of the high estimates of production of foodgrains, procurement of seeds (which were treated as target for production of seeds) from the farmers was considerably low, ranging from 40 to 48 tonnes for maize, 45 to 75 tonnes for paddy and 5 to 16 tonnes for wheat.

According to the provisions of the Seed Act, 1966 extended to the State of Sikkim with effect from May 1987, the State Government had to establish a Certification Agency, by notification in the official Gazette, for the State to carry out the functions entrusted to the Agency. But the Certification Agency was constituted by the State Government as late as May 1990.

3.1.7 Implementation

(a) Seed Multiplication Programme in Government Farms

Though the seed production in Government farms was initiated in the VII Plan, the Department had not fixed any minimum productivity level of seed per hectare. Instead of separate farms for agriculture and horticulture crops, the Department maintained combined farms. Even the norms for cost of cultivation for different seeds were not fixed. In the absence of standards of productivity and cost of production, the activities and performance of the farm could not be judged/compared and monitored.

The Department stated (October 1991) that fixation of such norms would not be possible due to lack of expert manpower, and that the Department felt the need to engage consultants for this purpose which would minimise the variation in employment of labour, etc. and enable the Department to monitor and evaluate farm-wise performance in future.

(b) **Labour**

No norms or scales for labour to be employed per hectare for different agricultural operations were laid down by the Department. The average employment of labour in man-days per hectare for the years 1986-87 to 1990-91 in three seed potato farms was as follows:-

Year	Lachen	Zaluk	Hilley
1986-87	998	238	NA †
1987-88	493	235	NA †
1988-89	462	458	683
1989-90	533	283	686
1990-91	400	257	597

It would be seen from these details that there were large variations in the employment of labour man-days per hectare from year to year in three farms 400 to 998 in the case of Lachen farm, 235 to 458 in the case of Zaluk farm and 597 to 686 (1988-89 to 1990-91) in the case of Hilley farm.

Large variations were noticed between different farms located in the North district in respect of man-days utilised for cultivation of wheat seeds and maize seeds during 1988-89 to 1990-91, as indicated below:-

Year	Man-days utilised per hectare in the farm at		
		Mangan	Dzongu
(a)	Wheat seeds		
	1988-89	102	49
	1989-90	100	49
	1990-91	72	51
(b)	Maize seeds		
	1988-89	157	211
	1989-90	170	244
	1990-91	97	226

*NA : Not available.

Further, an expenditure of Rs.2.18 lakhs was incurred by Gey- in 1989-90 and 18 in 1990-91) on muster roll basis, but these fieldmen in addition to the regular fieldmen working there. The engagement of

3.1.8 Purchase of seeds

The following table shows, in respect of wheat, maize and paddy

(a) The total production of grains in the State, (b) pro-
curement of high-yielding variety of seeds from sources outside

<i>Details</i>		1986-87	1987-88
		(tonnes)	(tonnes)
A. Wheat			
1. Grain production in the State		16,500.000	17,700.000
2. Purchase of certified seeds:			
(a) from inside State		0.700	4.000
(b) from outside State		209.695	229.677
B. Maize			
1. Grain production in the State		49,250.000	50,400.000
2. Purchase of certified seeds:			
(a) from inside State		25.800	34.000
(b) from outside State		10.911	15.012
C. Paddy			
1. Grain production in the State		17,300.000	19,000.000
2. Purchase of certified seeds:			
(a) from inside State		29.350	48.750
(b) from outside State		15.900	11.580

It was evident that the dependence on outside sources for grains in the State during the period had been increasing considerably.

zing and Kamling farms for engagement of fieldmen (14 in 1988-89, 16 were actually utilised in various Village Level Worker (VLW) centres these fieldmen on muster roll basis was, therefore, without justification.

curement of certified and labelled seeds from local farmers, and (c) the State, during 1986-91 :-

1988-89 (tonnes)	1989-90 (tonnes)	1990-91 (tonnes)
17,800.000	20,270.000	21,600.000
9.300	—	4.500
219.960	225.920	242.340
57,000.000	56,900.000	58,000.810
31.000	49.500	37.100
30.811	11.795	13.050
18,600.000	22,960.000	25,300.000
50.000	33.400	54.800
14.979	25.314	10.006

quality seeds was not reduced even though the poroduction of these

3.1.9 Distribution

(a) Distribution of seeds and collection of sale proceeds

(i) During 1986-87 to 1990-91, under the programme 'Certified Seed Production in Farmers Fields' and through local sources, the Department procured tested and recommended seeds for use as certified seeds/truthfully labelled seeds at Government approved rates and provided foundation seeds/certified seeds to the progressive farmers/nurseries for production of seeds under the supervision of the Department.

While approving the proposal for procurement of certified seeds from the local progressive farmers for 1986-87, Government directed (July 1986) that the certified seed growers and progressive farmers be registered and area-wise list of farmers engaged in production of various kind of seeds prepared.

It was, however, noticed that the Department distributed the seeds among the local farmers without identification/registration of the certified seed growers.

(ii) According to the programme, the Department was to retain with it some quantities (10 per cent of total procurement during 1986-87 to 1990-91, except in 1989-90 when it was 20 per cent) according to approved norms of seeds for demonstration purposes, sowing in Government farms and free distribution under 20 point programme and to tribals/scheduled caste farmers etc. The balance quantity was to be sold at 50 per cent subsidised cost on cash and carry basis. 2,221.060 tonnes of seeds (Rs.87.49 lakhs) were procured by the Department during 1986-87 to 1990-91. After utilising 267.40 tonnes for demonstration in Government farms it was to realise Rs.37.21 lakhs towards the cost of 1,954.20 tonnes of seeds to be sold at subsidised price. However, the actual amount realised was only Rs.19.07 lakhs. The reasons for short recovery were not stated (December 1991). Test-check of annual input accounts of three regional centres (Melliāra/Namthang, Bermiok and Majhitar) revealed that the shortfall was due to excess issue of seeds for demonstration purpose.

(b) Seed distribution on seed-to-seed loan basis

Prior to 1983-84, seeds were distributed to farmers on seed-to-seed loan basis. However, large quantity of seeds due from farmers could not be realised and in cases where small quantity of seeds were realised they could not be used for redistribution as they were found sub-standard. Government, therefore, revised its distribution policy in 1983 and started sale of seeds at 50 per cent subsidised rates.

A test-check revealed that even after the revision of policy in 1983, the Department continued the distribution of seed potato to the farmers on seed-to-seed loan basis. Distribution of seed potato, during 1986-87 to 1989-90 on that basis, its recovery, quantity written off and balance due as of 31st March 1991 with its value, were as shown below :-

Sl.No.	Name of Regional Centre	Year	Distribution	Recovered (Quantity in tonnes)	Written off	Balance due	Value (Rupees in lakhs)
1.	Rabangla	1986-87 to 1989-90	80.040	29.610	32.430	18.000	0.54
2.	Hilley	1986-87 to 1989-90	75.343	2.000	18.000	55.343	1.99
3.	Gayzing	1988-89*	15.000	NIL	5.000	10.000	0.30
4.	Pakyong	1988-89*	10.000	NIL	NIL	10.000	0.30
5.	Mangan	1988-89*	5.000	NIL	NIL	5.000	0.15
6.	Lachen	1988-89*	9.130	NIL	NIL	9.130	0.27
7.	Lachung	1989-90@	3.000	NIL	NIL	3.000	0.09
8.	Zaluk	1988-89*	4.400	—	4.400	—	—
Total			201.913	31.610	59.830	110.473	3.64

£ Seed-to-seed loan basis means loan of seeds to be repaid as seeds.

* Information in respect of the years 1986-87, 1987-88 and 1989-90 are not available.

@Information relating to the years 1986-87 to 1988-89 are not available.

Though the recovery rate was either nil or very poor, the distribution of seed potato to the farmers on seed - to - seed loan basis was continued by the Department during 1990-91.

Approval of Government for distribution of seed potato to the farmers on seed-to-seed loan basis was not obtained.

Concurrence of the Finance Department, as required under the Sikkim Financial Rules was not obtained for the quantities written off by the Department.

The Department stated (October 1991) that in future, order for distribution of seed potato on seed-to-seed loan basis as well as sanction for written off of unrealised seeds would be obtained from Finance Department.

3.1.10 Seed processing unit

In order to cut down dependence on outside sources for supply of seeds valued approximately at Rs.12 lakhs every year and to enable the State to supply seeds to other States after meeting own requirement, the Department decided to set up a seed processing unit at Majhitar. Accordingly the work of supply and installation of machinery and equipment (Rs.10.22 lakhs) was awarded (October 1982) to a Anibala firm, and the work order for construction of building (Rs.10.97 lakhs) was issued (August 1982) to a local firm who was the authorised dealer of the principal firm with the stipulated period of completion of 6 months.

The firm completed the supply only in January 1988, i.e. after a delay of more than 56 months for which no penalty was levied.

The Department stated (July 1991) that the delay in supply of the equipment was due to 'unavoidable circumstances.' Initial trial run of the installed machines was conducted satisfactorily in November 1990. Before the final run, the firm suggested some additional works like fuel storage tank for dryers, external water supply, construction of approach road, fencing wall, additional floor for the maize conveyer, providing of perforated sheets in the seed bins shed for corn elevator and dust collector etc. The Department further stated (October 1991) that though the additional works were more or less completed, the perforated sheets required for seed bins and technical staff for final installation of the plant was awaited from the firm.

The final trial run of the plant had not been conducted as of October 1991.

3.1.11 Other points of interest

(a) Uneconomical seed potato farm at Zaluk

The production and expenditure account of the seed potato farm at Zaluk for 1986-87 to 1990-91 revealed that the farm had been incurring losses year after year. The total loss during the above five years amounted to Rs.2.20 lakhs as shown below:

Year	Total production			Total cost of production Rs.	Loss Rs.	Percentage of loss
	Quantity (Kgs.)	Rate per Kg.	Value Rs.			
1986-87	4620	2.50	11,550	66,558	55,008	83
1987-88	2960	2.50	7,400	65,431	58,031	89
1988-89	2815	3.00	8,445	55,876	47,431	85
1989-90	17,820	3.00	53,460	80,258	26,798	33
1990-91	12,412	3.25	40,339	73,469	33,130	45
Total				2,20,398		

It was stated (June 1990) by the Department that the loss was due to a number of factors like damage caused by severe hailstorms every year, unfavourable weather conditions (i.e. non-availability of sunlight), late blight disease due to foggy weather which could not be controlled by pesticides and fungicides, and sticky nature of soil.

Thus, running the farm against the agro-climatic condition which did not suit the seed potato proved uneconomical.

In its further reply (October 1991) the Department stated that it had proposed to wind up the seed potato activity in Zaluk farm from 1992 onwards.

(b) Non-accountal of seeds

The stock register revealed that 20,110 tonnes of potato, wheat Rajmah and soyabean seeds worth Rs.0.78 lakh received were not accounted for by the Regional Centre/ Sub-Centre Lachung and Lachen during the period under review. No action was taken by the Department to investigate and fix responsibility or to write off the loss.

(c) Loss of revenue of Rs.0.66 lakh

During 1989-90, the Deputy Director, Agriculture, North District received 589.60 quintals of seed potato, valuing Rs.2.12 lakhs for sale to the farmers. Of the above quantity, 58.96 quintals (10 per cent) were shown as loss due to shrinkage and 29.48 quintals (5 per cent) were shown as used for demonstration purposes. An amount of Rs.1.25 lakhs was realised towards sale proceeds of the balance quantity. As the seed potato was meant for sale alone, the quantity of 29.48 quintals shown as used for demonstration purposes was not permissible.

Thus, due to the irregular utilisation, the Department incurred a loss of Rs.0.66 lakh towards the cost of 29.48 quintals of the seed potato.

(d) Excess payment of Central sales tax amounting to Rs.0.94 lakh

The Department had been paying, since February 1987, Central sales tax at 10 per cent on oilseeds purchased from public sector undertakings through the local authorised dealers of the undertakings. Under the Central Sales Tax Act, 1956, payment of Central sales tax at the concessional rate of 4 per cent would be allowed against form "D". This concession was not availed of by the Department. Excess payment of Central sales tax made on this account to the dealers during 1987-88 to 1990-91 amounted to Rs.0.94 lakh.

(e) Non-accountal of sale proceeds

During 1986-87 and 1990-91, the farms at Zaluk, Hilley and Rabangla sold 53.28 tonnes of seed potato (1986-87: 4.28 tonnes, 1989-90: 24 tonnes and 1990-91: 25 tonnes) outside the State against cash payment. However, the account of sale proceeds amounting to Rs.1.67 lakhs could not be shown to Audit.

- (f) Payment of cost of seeds and handling charges without suppliers' bills

The Department procured high yielding varieties and improved seeds from public sector organisations, etc. The seeds were handled by the authorised local dealers of the organisations who were paid 7 per cent handling charges on the cost of seeds handled. It was seen in audit that the Department did not obtain bills from the main suppliers. The payment for the seeds was made against the bills of authorised dealers and 7 per cent handling charges were paid to the dealers on the cost of seeds as shown in their bills. Thus, the correctness of rates charged by the dealers for the supply of seeds and the payment of Rs.6.61 lakhs as handling charges made between 1986-87 and 1990-91 could not be verified in audit.

The Department stated (October 1991) that the supply bills would be obtained in future.

3.1.12 **Monitoring and Evaluation**

No study or evaluation had been conducted by the Department as of May 1991 with a view to assessing the impact of the scheme on the income of the beneficiaries.

3.1.13 The points mentioned above were brought to the notice of the Department/Government in August 1991; their replies had not been received (March 1992).

3.2 **Blockage of Government money**

In order to supplement the plan allocation under subsidygrant and to meet the growing demand for fertilizers by the farmers, the Department created a revolving fund of Rs.40 lakhs for the year 1989-90. The fund was to be utilised for purchase of fertilizers from time to time to be recouped by crediting the sale proceeds. The account of the fund was to be closed at the end of March 1990.

During audit it was noticed (October 1990) that the account had not been closed and an amount of Rs.10.80 lakhs was lying in a current account with the State Bank of Sikkim. In addition, Rs.5,566 were due to be deposited into the Fund by various Regional Centres/Sub-centres and Rs.7,840 representing sale proceeds were reportedly stolen from one of the Regional Project Offices. Thus, a total sum of Rs.10.94 lakhs remained outside the account resulting in blockage of Government money.

The Department has stated (March 1991 and July 1991) that they had ceased to operate the Personal Deposit Account and action was being taken to close the account and that the balance amount of sale proceeds would be deposited. Further developments were awaited (March 1992).

The matter was reported to Government in July 1991; their reply had not been received (March 1992).

ANIMAL HUSBANDRY AND VETERINARY SERVICES DEPARTMENT

3.3 Loss on a Dairy Scheme

The Department took over in August 1982, one Dairy from the Sikkim Livestock Development Corporation (SLDC), which had found the scheme uneconomical.

Between July 1987 and April 1990, the Department procured 2.66 lakh litres of milk from various centres at a total cost of Rs.12.18 lakhs. The sale proceeds realised against this procurement were only Rs.10 lakhs, resulting in a loss of Rs.2.18 lakhs. The heavy loss was attributed (May 1991) by the Department to —

(i) Supply of milk (92,303 litres) to the SLDC at a lower price of Rs.5 per litre while the procurement price was Rs.6.14 per litre (including transportation charges of Rs.1.51 lakhs), resulting in a loss of Rs.1.05 lakhs;

(ii) While the value of milk utilised for preparation of milk products like cheese, butter, etc. was Rs.1.58 lakhs, the sale of the products fetched only Rs.0.58 lakh; and

(iii) Curdling of milk (14,994 litres - Rs.0.67 lakh).

The Department further stated (May 1991) that the cost of transportation had increased due to low procurement and that milk had soured due to non-availability of dairying infrastructure. Due to non-availability of facilities for preservation, the Department was sometimes compelled to prepare milk products to avoid the milk turning sour or curdling.

Reasons for taking over the scheme found uneconomical by the SLDC, without improving the available facilities were not stated (November 1991).

Further, the entire quantity of 92,303 litres of milk supplied to the SLDC was on credit basis and the sale proceeds thereof amounting to Rs.4.62 lakhs remained unrealised from the Corporation. In addition, the Department advanced Rs.0.25 lakh as loan to the SLDC for repair of compressor and purchase of refrigerant which was also not paid back by the SLDC.

The Department stated (May 1991) that despite pursuance, the SLDC did not repay the outstanding amounts and that the Corporation was wound up in June 1990.

Thus, the Department suffered a total loss of Rs.7.05 lakhs in the above venture.

The matter was reported to Government in May 1991; their reply had not been received (March 1992).

FINANCE DEPARTMENT

3.4 Loss of Rs.9.95 lakhs

(a) On 7th December 1990, an amount of Rs.3.93 lakhs was drawn from bank for salaries for November 1990 and advance of pay for winter vacation (December 1990 and January 1991) in respect of 78 teachers of Lingee complex, South Sikkim of the Education Department by a lower division clerk who was allowed to handle cash without furnishing any security. Out of this, Rs.0.07 lakh was disbursed to one teacher on the same day and the balance of Rs.3.86 lakhs was kept by the clerk at his residence. It was reported by him on 7th December 1990 that some unknown persons entered his room and robbed the amount at gun point. The matter was reported to the Police on the same night by the clerk and the Headmaster of the Lingee complex.

The loss was neither reported to the Accountant General as required under rules nor any departmental action initiated. The final outcome had not been intimated (June 1991).

(b) A sum of Rs.0.56 lakh representing sale proceeds of potato seeds and fertilizer of Regional Centre, Bermiok of the Agriculture Department was reported to have been stolen by breaking open steel almirah of the centre on 14th February 1990. The matter was reported (15th February 1990) to the Police. No report was, however, sent to the Accountant General as required under rules. The Department informed that the case was under trial in the Court of Additional District Magistrate, Namchi. The final outcome had not been intimated (June 1991).

(c) Three cheques for Rs.5.53 lakhs (meant for muster roll payment) issued by the Sikkim Public Works Department (Roads and Bridges) in favour of an Assistant Engineer, Jorethang Sub-Division, were handed over (November 1989) to one Junior Engineer for encashment. The Junior Engineer got the cheques endorsed in his favour and encashed them on 1st December 1989 and proceeded to Jorethang when the jeep in which he was travelling met with an accident. The entire cash, Junior Engineer and driver of the vehicle were reported missing. The matter was reported by the Department to the Police at Jorethang and Accountant General. The final outcome had not been intimated (June 1991).

The Department stated (June 1990) that this was an extraordinary incident beyond their control and the Department was also unable to confirm the death of Junior Engineer as the dead body was not traced. The Department further stated that the Jorethang branch of State Bank of Sikkim did not keep enough cash and the cheques for heavier amount were encashed from its Gangtok branch. It was, however, seen in audit that no documentary evidence of refusal by the State Bank of Sikkim at Jorethang to encash cheque of high value was on record. No escort was also being provided by the Department when large sums of money were carried.

The cases were reported to Government in August 1991; their reply had not been received (March 1992).

3.5 **Irregular payment of Rs. 3.27 lakhs towards medical expenses**

During test check of claims for reimbursement of medical expenses of Government employees it was noticed that Rs. 3.27 lakhs

were paid in 210 cases during the period from February 1987 to October 1988 in the following 9 offices located in Mangan (North district) without exercising proper checks as prescribed in the rules:-

<i>Name of office/Department</i>	<i>No. of cases</i>	<i>Amount</i> <i>(Rupees in lakhs)</i>
Chief Pay and Accounts Office	140	2.13
Health and Family Welfare	48	0.74
Animal Husbandry	10	0.17
Irrigation	5	0.10
Agriculture	2	0.05
Information and Public Relations	2	0.03
Forest and Police	2	0.03
Sikkim Public Works Department	1	0.02
Total	210	3.27

The irregular payments were attributable to the following:

(i) Cash memos submitted by the officials in support of the claims had been tampered with.

(ii) Cash memos were on plain paper merely with rubber seals/ stamp seals of non-licenced shops.

(iii) Details of the nature of illness, name of the patient, relationship with the employee were not mentioned in the claims or claims in respect of relations (such as uncle etc.) not covered by the definition of family for the purpose were reimbursed.

(iv) Cost of inadmissible tonics, vitamins and toilet preparations was reimbursed.

On this being pointed out by Audit in October 1988, the Finance Department issued a circular (November 1988) directing the Departments to adhere to the rules. The State Vigilance Department had also started an investigation of cases. The results of investigation have, however, not been communicated so far (March 1992).

The Chief Pay and Accounts Office (one of the nine offices where major over payments (Rs.2.13 lakhs) had occurred) in its reply stated (March 1991) that the irregular payments would be recovered from the salary of the concerned officials in instalments and that the process of recovery had already started.

3.6 Outstanding advances

Mention was made in the paragraph 3.1.8 of the Audit Report 1982-83 regarding payment of advances totalling Rs.568.49 lakhs by some Departments which remained unadjusted as of September 1984. The Public Accounts Committee (PAC) in their fourth Report (1988-89) observed that delay in adjustment and settlement of such advances difficult and that there was need to frame rules relating to adjustment of advances such as Travelling allowance, Leave Travel Concession, Medical concession advances. However no rules had been issued to streamline the procedure relating to adjustment of advances.

A test-check of records relating to 42 different offices/Departments revealed that out of the advances drawn to the end of March 1990, an amount of Rs. 45.74 lakhs remained unadjusted as of August 1991. An analysis of the outstanding advances indicated that major part (Rs. 34.78 lakhs) pertained to personal advances to the employees for purposes like tour, leave travel concession, medical allowances etc., the accounts of which were expected to be rendered within the the prescribed time limit. The remaining amount (Rs. 10.96 lakhs) relates to advances for execution of works, purchase of materials, payment on muster rolls etc. The yearwise analysis of the amount is indicated below :

Year		Personal advances	Other purpose
		(Rupees in lakhs)	
Upto	1987-88	21.78	0.88
	1988-89	5.34	1.93
	1989-90	7.66	8.15
Total :		34.78	10.96

The Chief Pay and Accounts Officer had also not pursued for adjustment of the advances as required under the rules.

The matter was reported to the Government in August 1991; their reply had not been received (March 1992).

FOOD AND CIVIL SUPPLIES DEPARTMENT

3.7 Loss due to bad storage conditions

Foodgrains and sugar procured by the Department under Public Distribution Programme, were stored in godowns at various locations. The bad storage conditions at Dentam (West Sikkim) were brought to the notice of the Department in July 1985 by the Incharge (Food). However, the Department did not take any steps to improve the storage conditions of the godown. Subsequently at the time of physical verification conducted by the departmental officers in June 1988, 432.20 quintals of rice and 3.79 quintals of sugar valued at Rs. 1.32 lakhs were found short/deteriorated in quality. Of this loss, Rs. 1.14 lakhs was written off in January 1991 by Government.

Similarly, rice and sugar valued at Rs. 0.29 lakh were found short (March 1989) in two stores at Ranipool and Soreng due to dampness of the godown.

Thus, due to poor storage conditions of the godowns, the Department had to incur a loss of Rs. 1.61 lakhs.

The matter was reported to Government in June 1991; their reply had not been received (March 1992).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.8 National Technology Mission on Immunisation 3.8.1 Introduction

The Expanded Programme of Immunisation (EPI) was initiated in the country in 1978 with the objective of reducing morbidity and mortality due to diphtheria, pertussis, tetanus (DPT) and childhood tuberculosis (BCG). Oral Polio Vaccine (OPV) and Measles

vaccines were introduced under the programme in 1979-80 and 1985-86 respectively.

Universal Immunisation Programme (UIP) was launched in the country in 1985-86 for universal coverage of infants and pregnant women as well as to improve the quality of services already being implemented under EPI. Thus, the focus of attention was infants (below one year) and pregnant women, with the goal to achieve minimum 85 per cent coverage of infants (with three doses each of DPT and OPV and one dose each of BCG and Measles vaccines) and cent per cent immunisation coverage of pregnant women (with two doses of Tetanus Toxoid (TT) vaccine) by 1990, and to maintain high level of coverage in subsequent years. It was also intended to reduce neo-natal tetanus mortality rates to less than 1 per 1000 live births, and reduce poliomyelitis incidence rate to less than 0.33 per 1000 children of less than 4 years.

UIP was included in the National Technology Mission in 1986 to provide a sense of urgency and commitment to achieve the objective within the specified period. The Mission includes two Parts-I and II. While Part II deals with research and development of vaccines, Part I deals with implementation of the programme, and comprises Mini Mission-I for storage, distribution of vaccines and Mini Mission-II for administration of vaccines, monitoring and evaluation.

East district of Sikkim was included under UIP in 1986-87 and other districts of South, West and North in 1987-88, thus bringing the entire State under the coverage of the programme and Technology Mission.

3.8.2 Organisational set up

The responsibility for implementation of the Programme is vested in the Health and Family Welfare Department headed by a Secretary, assisted by a Joint Director designated as Expanded Programme of Immunisation Officer at the Directorate and District Chief Medical Officers, District Immunisation Officer (DIO), Medical Officer of Primary Health Centres (PHCs) and Auxillary Nursing Midwives (ANM) at the field level.

All abbreviations used in this Review are listed in the Glossary in Appendix 17 (Page No. 182).

3.8.3 Audit coverage

A review on implementation of the Universal Immunisation Programme during 1986-87 to 1990-91, was conducted during February-April 1991 with reference to the records maintained at the Directorate, Health and Family Welfare Department, Gangtok, Urban Family Welfare Centre, Gangtok, District Hospital, Singtam (East) and District Hospital, Geyzing (West).

3.8.4 Highlights

Expenditure of Rs. 2.06 lakhs incurred by the Department was not reported to the Central Government. (Paragraph 3.8.5)

— No action plan for PHC, PHSC, district hospital was prepared.

- Achievements in respect of OPV, Measles and TT (PW) were only 73 per cent, 62 per cent and 43 per cent respectively for the year 1990-91, though the objective was to attain cent per cent immunisation in respect of TT and 85 per cent in respect of others.

(Paragraph 3.8.6 (a))

— There was considerable disparity between coverage as reported by the Department in the annual report and those revealed in the Vaccination Coverage Assessment Survey (VCAS), ranging from (+) 50 per cent to (—) 12 per cent. (Paragraph 3.8.6 (c))

— Additional dose of Oral Polio Vaccine (OPV) was not administered in the *post-partum**institutions upto October 1990.

(Paragraph 3.8.6(d))

— The immunisation status-wise record in identified sentinel centres were not maintained. As a result, it could not be ascertained if children suffering from Vaccine-Preventable Diseases (VPD) were actually immunised or not. (Paragraph 3.8.8 (a))

— The reduction in morbidity and mortality from Vaccine Preventable Diseases after initiation of UIP could not be ascertained as data on VPD prior to 1986-87 was not available. No epidemiological cell for follow up action on VPD was created.

(Paragraph 3.8.8 (b))

* 'Post-partum' means following parturition (childbirth).

— Monthly performance reports were not analysed to identify the reasons for shortfall in achievement.

— The registers of eligible population were not maintained by the District Hospitals and PHCs. As a result, beneficiaries left out could not be identified. (Paragraph 3.8.10)

3.8.5 Financial Performance

The programme is a *cent per cent* Central sector scheme, and is implemented through the funds released, in cash and kind, by Government of India.

The State Government did not provide in the budget a detailed head 'Universal Immunisation Programme' under the sub-head Maternity and Child Health (MCH), to account for the expenditure on the programme. The Department did not also furnish upto March 1988 the quarterly returns in revised forms as suggested (June 1986) by Government of India, Ministry of Health and Family Welfare, New Delhi.

The funds allocated and released by Government of India and expenditure incurred thereagainst, as intimated by the Department during 1986-87 to 1990-91, are detailed below:

Year	Amount allocated by Government of India	Amount released by Government of India	Amount spent by State Government	Unspent balance (cumulative)
(Rupees in lakhs)				
1986-87	1.50	0.78	0.27	0.51
1987-88	3.20	1.62	0.73	1.40
1988-89	4.58	2.28	0.77	2.91
1989-90	5.94	2.96	4.52	1.35
1990-91	6.37	4.78	3.04	3.09
	21.59	12.42	9.33	

Details of expenditure reported for the period from
1986-87 to 1990-91 is shown below:

Activities	1986-87	1987-88	1988-89	1989-90	1990-91	Total
(Rupees in lakhs)						
Salaries	NIL	0.34	0.60	1.12	1.12	3.18
Training	0.03	0.16	NIL	NIL	NIL	0.19
POL, repairs to Vehicles	0.05	0.21	0.10	0.20	0.25	0.81
Contingency	NIL	0.10	NIL	0.30	1.28	1.68
Cold-chain Maintenance	0.25	NIL	NIL	0.25	0.17	0.67
Printing of Immunisation cards	1.50	NIL	NIL	NIL	NIL	1.50
Other expenses	NIL	0.10	0.39	2.65 ⁺	0.22	3.36
	1.83	0.91	1.09	4.52	3.04	11.39 ⁺⁺

Each Primary Health Centre (PHC) was to be provided with Rs.2,000 per annum for operational expenses. But no amounts were provided to the PHCs in 1986-87 and 1988-89. Five PHCs during 1987-88 and 9 PHCs during 1989-90 did not submit any account in respect of the contingency amount received by them. During 1990-91, while no amount was drawn and disbursed to any of the PHCs, the Department showed Rs.1.28 lakhs as contingency amounts disbursed to PHCs.

⁺ Included Rs.1.88 lakhs incurred on Health Education.

⁺⁺ Out of this an expenditure of Rs. 2.06 lakhs was not reported by the Department to Government of India.

Besides cash, assistance in kind was received from Government of India as shown below:

Year	Value of vaccines and equipment received in the State		
	Vaccines	Equipment (Rupees in lakhs)	Total
1986-87	1.06	2.29	3.35
1987-88	1.13	5.04	6.17
1988-89	0.84	1.09	1.93
1989-90	2.65	0.92	3.57
1990-91	2.35	2.04	4.39
	<u>8.03</u>	<u>11.38</u>	<u>19.41</u>

3.8.6 Physical performance

(a) The District Office and PHCs were required to prepare Action Plans and to submit to the EPI Officer before commencement of the year. Action Plans were not prepared upto 1989-90.

Field workers of district, PHCs and sub-centres were to prepare records of eligible beneficiaries among infants (below one year) and pregnant women to fix the targets under immunisation programme. However, as the records of eligible beneficiaries maintained were incomplete, the targets fixed by Government of India on the basis of estimated population were accepted by the State Government, except in 1986-87 when lower targets were accepted.

The targets fixed and actual coverage under Universal Immunisation Programme for 1986-87 to 1990-91 for the State as a whole were as under:

Target and achievement under UIP

Vaccine	Y e a r									
	1986-87		1987-88		1988-89		1989-90		1990-91	
	(T)	(A)	(T)	(A)	(T)	(A)	(T)	(A)	(T)	(A)
<i>(Figures in hundreds)</i>										
1. BCG	112	83	100	94	100	83	102	88	122	108
2. DPT										
(DTP-3)	112		100		100		102		122	

(i)	DPT- 1st dose	98	106	108	105	126
(ii)	DPT- 2nd dose	77	87	86	91	111
(iii)	DTP- 3rd dose	67	75	73	80	104
(iv)	Drop-out	31	31	35	25	22
3.	OPV (OPV-3)	112	100	100	102	122
(i)	OPV-1	92	105	105	103	119
(ii)	OPV-2	67	83	84	87	98
(iii)	OPV-3	52	71	73	76	89
(iv)	Drop-out	40	34	32	27	30
4.	Measles	30 15	100 34	100 44	102 56	122 76
5.	T.T (PW) (TT-D+ TT Booster)	120	130	130	133	134
(i)	TT-I	36	38	46	46	53
(ii)	TT-II	27	29	34	37	41
(iii)	Drop-out	9	9	12	9	12
(iv)	Booster TT	10	9	12	14	16

(Notes : T - Target; A-Achievement)

Percentage of drop-outs in the programme ranged from 24 to 32 in DPT, 26 to 43 in OPV and 20 to 26 in TT (for women). According to the Vaccination Coverage Evaluation Survey, the reasons for the drop-outs were:

- (i) lack of information on the need for Immunisation, need for second and third doses, and place and time of Immunisation; or
- (ii) fear about the side-reactions, etc.,
- (iii) lack of motivation and faith, and
- (iv) other obstacles such as the place of Immunisation being too far, inconvenient timing and non-availability of vaccines.

The objective of the UIP was *cent per cent* coverage of pregnant women with 2 doses of TT Vaccine, and 85 *per cent* coverage of infants (below one year) with one dose each of BCG and Measles vaccines and 3 doses each of DPT and Polio vaccine by 1990. However, the desired objective was not attained even by the end of March 1991, except in the case of BCG and DPT, where coverage was above 85 *per cent*. Achievement in respect of OPV and Measles vaccines was only 73 *per cent* and 62 *per cent* respectively. The position in respect of vaccination of pregnant women (43 *per cent*) was far below the target.

(b) District-wise coverage of Immunisation

The entire State is divided into 4 districts viz. East, South, West and North. One Urban Family Welfare Centre (UFWC) located at STNM Hospital, Gangtok falls under East district, the targets and achievements of which are included under East district. No separate urban immunisation plan was drawn up.

District-wise and vaccine-wise coverage under UIP is given in *Appendix 7*.

In North district the percentages of coverage during 1990-91 on DPT, OPV and Measles vaccines of 63, 57 and 56 respectively were on the lower side as compared to the other districts. The coverage of Measles vaccines in North, South and West districts was below 50 *per cent* during 1986-87, 1987-88 and 1989-90.

The coverage in respect of TT vaccine during 1986-87 to 1989-90 ranged from 20 *per cent* (West district in 1987-88) to 44 *per cent* (East district in 1989-90). However, in 1990-91 the coverage of TT in respect of East district reached 51 *per cent*, while in North district it was only 20 *per cent*. The reasons for the abnormally low coverage in North, South and West districts were not on record. The Department did not identify low coverage areas in these districts for remedial measures.

(c) Vaccination Coverage Assessment Survey

Vaccination Coverage Assessment Surveys (VCAS) covering three districts and Urban Family Welfare Centre, Gangtok were conducted. The results of immunisation coverage as revealed in the surveys and the achievement of these districts reported in the annual reports varied considerably, as shown in *Appendix 8*.

Information as regards the number of children covered under the Survey, and the number of children vaccinated with BCG, were as below:

District/unit	Number of children			Percentage with reference to vaccinated with BCG
	Covered under the Survey	Vaccination with BCG	Showed scars of vaccination	
East	216	109	86	79
UFCW, Gangtok	217	177	137	77
West	211	58	NA	—
South	211	72	53	74

(NA : Not available)

The absence of vaccination scars indicates either faulty administration of vaccine or use of vaccine with diminished potency. Reasons for such inadequate vaccination have not been intimated by the Department.

In East district, 12 villages like Bhusuk, Nandok, Samdur, Chubba, Tumin, Kamarey, Bhasmay, Taza, Bering, Phadamchen, Dalapchen, Mulukey-Perbing were not covered by the programme in 1986-87. In West district, 8 villages namely Gyangap, Tsezo, Merlliaching, Maney-bong, Berfok, Soyu Dorjee, Rambuk and Longchuk had no vaccination activity at all during 1987-88. Certain clusters like Sichey (upper and lower), Upper Syari, Chandmari, Tathangchen and Amdo Golai, Dara Gaon area with low percentage of vaccination were covered by Urban Family Welfare Centre, Gangtok.

(d) According to the instruction of the Ministry (September 1989), one additional dose of Polio vaccine was to be administered at birth of a child in the post-partum institutions. There is only one hospital i.e., STNM Hospital, Gangtok, having a post-partum unit, in which the only Urban Family Welfare Centre (UFWC) is housed. It was seen that additional dose termed as 'zero dose' was not administered upto October 1990. However, from November 1990 onwards the additional dose was being administered.

3.8.7 Provision of infrastructure

(a) Strengthening of cold chain system

The cold chain is a system of transporting and storing of vaccine at the recommended temperature, from its manufacturing stage to the point of use. The development of a well-organised cold chain system is required for an effective and potent vaccine. According to the programme norms, two deep freezers for each district for freezing ice-packs and keeping polio and measles vaccines and one ice lined refrigerator for each PHC were required.

Sikkim was considered as one district for this purpose. There were 4 district hospitals, one UFWC and 22 PHCs in the State.

One deep freezer, 19 ILR, 5 chest freezers, 5 refrigerators were supplied by Government of India during 1986-87 to 1990-91. The area covered under UIP and equipment supplied to the hospitals and PHCs were detailed in *Appendix 9*.

Twenty PHCs and 3 District Hospitals and one UFWC were issued with one item of equipment each. Six items of equipments were additionally issued to 5 PHCs (3 PHCs of North district: one each, Sombari PHC of West: 2 and Soreng PHC of West: 1). No equipment was issued to the District Hospital, Mangan and two new PHCs upgraded in 1990-91.

Periods of delay in supply of the equipment to PHCs and district hospitals were as under:

<i>Cold chain equipment (In number)</i>	<i>Due date of supply</i>	<i>Actual date of supply</i>	<i>District Hospital</i>	<i>PHCs</i>	<i>Period of delay</i>
(i)(a) ILR (5)	April 1986	July 1986	1	4	Between 3 to 6 months
(b) ILR (1)	April 1986	July 1987	1 (UFWC)	—	Above 12 months
(ii) ILR (12)	April 1987	Aug-1987 ust	—	12	Between 3 to 6 months
(iii) (a) Chest Freezer	April 1986	July 1989	—	2	Above 12 months
(b) Chest Freezer	April 1987	April 1990	1	—	Above 12 months
(iv) Deep Freezer	April 1987	Aug-1987 ust	1	—	Between 3 to 6 months
(v) Refrigerators	April 1987	Aug-1987 ust	-	2	Between 3 to 6 months

During 1986-87, due to non-supply of freezer ILR to UFWC or UIP store at Gangtok, 2,350 vials (23,500 doses) of DPT and 600 ampules (12,000 doses) of BCG vaccine were transferred (December 1986) to District Hospitals, Singtam for storage. Out of the above, 1,012 vials (Value: Rs.6,072) of DPT vaccine were discarded owing to expiry of time and 394 ampules of BCG vaccine (Value : Rs.1,576) were damaged.

Five ILRs received in East district in July 1986 could not put to use until 11 to 16 months later due to delay in receipt and issue of voltage stabilizers. The stabilizers (5 nos) received in July 1987 were issued in August 1987 (one district hospital and one PHC), in May 1988 (two for PHCs) and October 1988 (one for PHC).

Further, the post card system for reporting breakdown of cold chain equipment to the Cold Chain Officer for rectifying the defects was introduced in the State from March 1989, and as such the effect of delayed supply of voltage stabilizers could not be ascertained. Defects pointed out through the post-card system generally related to improper working of the stabilizers, erratic electric supply, defect in equipment and variation in temperature of dial thermometer and thermometer fixed in ILR. In all such cases, defects pointed out were removed within a period of 1 to 2 months, by the Cold Chain Officer.

Other equipment like Cold Boxes, Vaccine Carriers, Day Carriers, Drum Stabilizers and Autoclaves received during 1986-91 were distributed, except equipment worth Rs.0.89 lakh (13 cold boxes: Rs. 32,500, 9 vaccine carriers: Rs.1,880, 52 day carriers: Rs. 6,500, 217 drum stabilizers: Rs. 43,400 and autoclave: Rs.4,400), which were lying in stock as of 31st March 1991 unutilised.

(b) Strengthening Vaccines

(i) Potency test of vaccines

Vaccines of DPT, OPV, BCG, Measles, TT, etc. were to be supplied by Government of India on the basis of targets, fixed, allowing suitable provision for wastage. These vaccines retained their potency at temperature between 2° C to 8° C. From time to time potency tests for ascertaining the effectiveness of these vaccines were to be conducted. However, such potency tests of the vaccines were not conducted at all. It was stated (July 1991) that due to cumbersome process in transportation, vaccine samples could not be sent for testing.

(ii) Assessment of requirement of vaccines

The requirement of vaccines was to be assessed by Primary Health Sub-Centres, Primary Health Centres and District Hospitals on the basis of the number of beneficiaries to be covered and vaccination session to be held. As the Action Plan for the coverage of immunisation at PHSC, PHC and district hospital indicating number of vaccination sessions to be held, was not prepared till 1989-90, the requirement of vaccines, needles and syringes was never assessed at the PHC, PHSC and District levels. The Joint Director (EPI) however, reported the balance of stock from time to time and requested for additional supplies. Closing stock of vaccines, needles, syringes and other consumable articles were never reported by PHCs and District Hospitals in their monthly performance reports; nor were they ascertained by the Joint Director (EPI).

As the requirement of vaccines was not assessed by the centres from time to time, there was no stock of certain vaccines for 2 to 3 months, as detailed below:

<u>Vaccines</u>	<u>Period of nil balance</u>	<u>Name of centre</u>
OPV	13th May 1990 to 20th July 1990	UIP Stores, Gangtok
	30th May 1990 to 20th June 1990	UFWC, Gangtok; District Hospital, Singtam
TT(PW)	1st February 1991 to 31st March 1991	UIP Stores, Gangtok. District Hospital at Singtam and Geyzing
BCG	1st March 1988 to 24th April 1988 and 12th March 1989 to 30th May 1989	UIP Stores, Gangtok
	14th February 1991 to 3rd April 1991.	District Hospital, Singtam
	1st July 1987 to 11th November 1987, 23rd March 1990 to 16th May 1990, 18th July 1990 to 7th September 1990 and 21st February 1991 to 3rd April 1991.	District Hospital, Geyzing
Measles	26th April 1990 to 20th July 1990	UIP Stores, Gangtok
	27th May 1990 to 23rd July 1990	District Hospital. Singtam

Due to non-availability of vaccines, the immunisation sessions for these vaccines could not be held, except for TT where the vaccines were brought by the beneficiares (pregnant women) themselves.

(iii) Utilisation of vaccines

Government of India directed in August 1987 that a vial of vaccine was to be opened even for a single child on demand, and the opened vials must be discarded at the end of the session. It was expected that on an average the administration rate would be 75 per cent in the case of all vaccines except for BCG and Measles, for which the rates would be 50 per cent of the vaccines.

Utilisation of vaccines in the State, as verified from the performance reports of the Department and issue of stock to the centres, was as shown in *Appendix 10*.

As against the administration norms of 75 per cent, the actual administration rates during 1986-91 for DPT, OPV and TT were 69 per cent, 49 per cent and 62 per cent respectively. Against the administration rates of 50 per cent in respect of BCG and Measles, the actual administration rates were 49 per cent and 42 per cent respectively. Reasons for lower rates of administration of vaccines were not on record.

(c) **Strengthening of staff**

(i) For enhancing the performance under the UIP, Government of India provided cent per cent financial assistance for creation of various posts at the district level, and sanctioned the posts in 1986-87. However, the posts were filled up only after a delay of more than a year, in December 1988. As a result the cold chain system remained ineffective.

In addition to staff sanctioned under UIP, one Medical Officer and 3 Auxillary Nurses Midwives (ANM) were posted in each PHC. It was seen that in 9 PHCs (2 in East, 3 in West, 2 in North and 2 in South Districts), the posts of Medical Officer were lying vacant during 1990-91, thereby adversely affecting the immunisation programme.

(ii) **Training of staff**

According to the guidelines, Medical Officer of the PHCs were to undergo a four-day planning and management course. It was noticed that Medical Officers of 4 PHCs at Jorethang, Soreng, Rangpo and Temi had not undergone the requisite training

3.8.8 **Disease surveillance**

(a) **Sentinal Centres**

In order to ensure better quality and regularity of data, sentinel centres were to be identified, to maintain complete records of indoor as well as outdoor patients. One centre (STNM Hospital, Gangtok) in 1988-89 and four centres (District Hospitals at Singtam, Mangan, Namchi and Geyzing) in 1989-90 were so identified.

In STNM Hospital (Paediatric Section) Gangtok and District Hospital at Singtam and Geyzing, records were not maintained according to the immunisation status of the children. In the absence of such records, it could not be ascertained if all children vulnerable to Vaccine Preventable Diseases (VPD) were actually vaccinated or not.

Such records were maintained in the paediatric section of STNM Hospital only from 1990-91.

(b) **Vaccine Preventable Diseases**

Health institutions participating in the immunisation programme were to report on the Vaccine Preventable Diseases (VPD) along with monthly reports on performance. The reporting on VPD had started in UFWC, Gangtok from April 1986, and in District Hospitals at Singtam, Geyzing, Namchi and Mangan from September 1987.

In the monthly reports, following cases of VPD were reported from 1986-87 to 1990-91 :-

Year	<i>Diphtheria</i>		<i>Pertussis</i>		<i>Tetanus</i>		<i>Measles</i>	
	<i>cases</i>	<i>death</i>	<i>cases</i>	<i>death</i>	<i>cases</i>	<i>death</i>	<i>cases</i>	<i>death</i>
1986-87	—	—	6	—	—	—	72	1
1987-88	—	—	13	—	2	—	515	2
1988-89	—	—	10	—	1	—	290	2
1989-90	—	—	25	—	—	—	423	—
1990-91	3	1	22	—	—	—	150	—
Total	3	1	76	—	3	—	1450	5

No follow-up action to check the epidemic of Measles was taken.

Two cases of death (one each in 1986-87 and 1987-88) in respect of Tetanus Neonatorum and 9 cases of Poliomyelitis (one in 1986-87, two during 1987-88 and three each during 1988-89 and 1989-90) were reported from UFWC, Gangtok.

Follow-up action to minimise the risks were not taken. However, in respect of two cases reported in 1989-90 it was seen that poliomyelitis was the result of incomplete vaccination.

The reduction of morbidity and mortality from VPD after initiation of UIP could not be ascertained because of non-availability of data prior to 1986-87.

Epidemiological cell for collecting the data on VPD in the State for follow-up action was not created (June 1991).

3.8.9 Information, education and communication

One of the essential requirements for the success of the immunisation programme was to create awareness among the people, get them interested, and motivate them to get their children protected against the six vaccine preventable diseases. To achieve the goal of protecting the targeted population, the need was to educate the community and generate demand.

The State Health Education Bureau (SHEB) was responsible for processing, producing and distributing the educational materials on family welfare programme including immunisation programme. Health education was provided through lectures by the staff of Health Education, Doctors and other associated people. The lectures were delivered to the community, opinion leaders, mothers, school children, teachers, gram sevikas of ICDS multipurpose workers and the general public through National Media (viz. Radio, Newspapers etc.), voluntary organisations and Panchayats. But year-wise record of such lectures delivered were not made available to audit.

The SHEB has an audio-visual unit manned by a projectionist and helper. The Bureau made two films on immunisation in February 1989, and had prepared cinema slides on immunisation. No records of immunisation shows organised were maintained.

Charts, posters on health immunisation, blow-up pictures, pamphlets and leaflets were distributed. One talk on AIR was broadcast every month on health aspects including immunisation.

One video film named Naya Bihani (New Dawn) was get produced by a local film-maker at a cost of Rs.1.78 lakhs in March 1990.

3.8.10 Monitoring and evaluation

(i) Primary Health Sub-Centres (PHSCs), Primary Health Centres (PHCs) and District Hospitals were required to furnish monthly reports on the performance of vaccination coverage and disease surveillance to Joint Director (EPI) for onward transmission to Government of India. It was seen that periodical returns on the achievement were furnished regularly; reports on vaccine preventable diseases in respect of four district hospitals commenced from September 1987. Though the reports were transmitted regularly to Government of India, they were not analysed to determine the reasons for the shortfalls in achievement.

(ii) Committees at various levels were to be established for overseeing the implementation and the co-ordination. One State level committee was established in 1987, but no records of its meetings held, if any, were maintained. No records of supervisory visits by Health Officers to monitor/supervise the work were maintained.

(iii) Register of eligible population/beneficiaries was not maintained by the district PHCs and sub-centres regularly. In the absence of this register, the children/pregnant mothers left out could not be identified for follow up action.

(iv) The format prescribed by the State Government for submission of performance report did not cover out-reach operations and additional dose of OPV at birth (zero dose) recommended for children born in post-partum institutions.

The points mentioned above were brought to the notice of Government in July 1991; their reply had not been received (March 1992).

3.9 **Distribution of inedible extruded food and injudicious payment thereon amounting to Rs.8.57 lakhs**

Under the Special Nutrition Programme (SNP) and Mid Day Meal Programme (MDM) the Department, since 1987, had been distributing extruded food * to pregnant and nursing mothers and school children. The extruded food was to be procured from Sikkim Flour Mills Limited (a Government of Sikkim undertaking) and distributed through Integrated Child Development Services (ICDS) centres and various schools.

In October 1988 the Department, for the first time, collected samples of the extruded food supplied by the Sikkim Flour Mills and sent them to the Public Analyst in Guwahati for analysis. The report of the Public Analyst revealed (December 1988) that the samples contained excess rye starch, and were old and unfit for consumption. Accordingly the Sikkim Flour Mills was instructed by the Department (February 1989) to withhold the production and supply.

* 'Extruded food' means articles of food converted into cubes, etc. by forcing the material through a die.

At the time of receipt of the report from the Public Analyst in December 1988, the claim for the supply made for the period November and December 1988 for Rs.8.57 lakhs was pending with the Department. The Department instead of withholding it against supplies of defective food, made the payment in May 1989, which was injudicious.

The matter was reported to the Department in January 1991 and to the Government in August 1991; their replies had not been received (March 1992).

3.10 Irregular payment of grants

According to Government of India, Ministry of Social Welfare, letter dated 19th January 1984, the pattern of financial assistance under the scheme for the welfare of children in need of care and protection had been fixed at Rs.150 per child per month towards food, clothing, education text books, vocational training, health, etc., and Rs.40 per child per month towards rent.

A test-check of records revealed (August 1990) that the Department spent Rs.2.77 lakhs during 1985-86 to 1989-90 towards uniforms for the children residing in four destitute homes, in addition to the payment of recurring maintenance grant of Rs.150 per child per month. As the maintenance grant had already included the assistance towards clothing, further assistance was irregular resulting in extra expenditure of Rs.2.77 lakhs.

The Department stated (June 1991) that the implementing organisation used to report that the maintenance grant was inadequate to meet the requisite needs of the children, and the expenditure was incurred keeping in view the higher cost of various items required to be provided to children.

The matter was reported to Government in November 1990; their reply had not been received (March 1992).

TOURISM DEPARTMENT

3.11 Delay in obtaining refund of deposit

For operating a helicopter service the Department paid (February 1987) Rs.1.85 lakhs and Rs.0.50 lakh on account of security deposit and advance to the Indian Oil Corporation (IOC). A further sum of Rs.0.65 lakh was kept in the Central Bank of India by opening a current account for adjusting the cost of fuel supplied in case of the Department's failure to make payment.

Scrutiny revealed (October 1989) that during February 1987 to May 1989, the Department paid Rs.27.35 lakhs to IOC towards the cost of fuel supplied and cleared all the bills of the IOC before closure of the helicopter service in June 1989.

Though the deposit with the Central Bank of India had been withdrawn in July 1991, the security deposit of Rs.1.85 lakhs and an amount of Rs.0.29 lakh due from the IOC being the amount of excess payment made had, however, not been realised.

The Department stated (August 1991) that the Assistant Director, Sikkim Tourism Office, Siliguri was making personal contact with the officials of the Indian Oil Corporation to realise the amount due.

The matter was reported to Government (July 1991); their reply had not been received (March 1992).

3.12 Irregular utilisation of departmental receipts

According to the Financial Rules, all moneys received by or on behalf of Government should be credited into Government account without any delay and the receipts should not be utilised for meeting departmental expenditure.

Out of total receipts of Rs.93.58 lakhs, an amount of Rs.69.20 lakhs was utilised by four units of the Department (one Tourist Transport Service and 3 hotels/restaurants) towards their expenses even though the units were provided with working capital of Rs.18.23 lakhs during the said period. Only Rs.23.15 lakhs were credited into Government account, and the balance amount of Rs.1.23 lakhs was retained by the units as of March 1991.

The practice of utilisation of departmental receipts towards expenditure was not only contrary to rules, but also resulted in non-exhibition of receipts and expenditure in Government accounts.

The matter was reported to Government in August 1991; their reply had not been received (March 1992).

CHAPTER IV—WORKS EXPENDITURE

RURAL DEVELOPMENT DEPARTMENT

4.1 Rural Roads and Bridges

4.1.1 Introduction

Roads and Bridges play an important role in improving the economic conditions of the rural population by providing better communication network and thus ensuring rural upliftment. The State of Sikkim is situated at the foothills of the Himalayas at altitudes ranging from 300 metres to 5,500 metres and habitation of the State is upto 2,100 metres. Eighty-four *per cent* of this State's population is spread over 440 Revenue Blocks (villages). According to the 1981 census there were 205 villages with population exceeding 500 each, 177 villages with population ranging from 200 to 499, and 58 villages with population less than 200 each. Therefore, only a pedestrian communication network was to be provided for rural folk.

4.1.2 Organisational set up

The Rural Development Department with Secretary as the head of the Department was entrusted with the task of construction of rural roads and bridges. The construction works are undertaken by the Chief Engineer who is assisted by a Superintending Engineer, two Divisional Engineers and a number of Assistant Engineers and Junior Engineers.

In respect of roads which reconstructed under Central schemes, one Project Officer is deployed under the Chief Engineer.

4.1.3 Audit Coverage

The records maintained in the office of the Chief Engineer at Gangtok as well as the records maintained by the Division/Sub-Divisions for the period from 1985-86 to 1990-91 were test checked during April to June 1991.

All abbreviations used in this Review are listed in the Glossary in *Appendix 17* (Page No. 182).

4.1.4 Highlights

Though expenditure was incurred to the extent of budget provision, the physical achievement was only 73 per cent of the targets fixed.

(Paragraph 4.1.7 (b))

Deficiencies in survey resulted in extra expenditure of Rs. 1.26 lakhs in 2 cases.

(Paragraph 4.1.8(a))

Delayed execution resulted in cost overrun of Rs. 6.77 lakhs in 14 cases.

(Paragraph 4.1.8(c))

Rupees 0.43 lakh were paid in excess contrary to the provisions of the agreement.

(Paragraph 4.1.8 (e))

Lack of maintenance and supervision resulted in a loss of Rs. 4.07 lakhs due to collapse of a bridge.

(Paragraph 4.1.8(f))

There was an extra expenditure of Rs. 0.39 lakh in purchase of MS rods.

(Paragraph 4.1.9(a))

Arithmetical errors resulted in an excess payment of Rs. 0.46 lakh.

(Paragraph 4.1.9(b))

Assets worth Rs. 10.45 lakhs destroyed due to natural calamities were not written off.

(Paragraph 4.1.9(c))

4.1.5 Financial Outlay

The construction of rural roads was taken up under Central Schemes such as National Rural Employment Programme (NREP), Rural Landless Employment Guarantee Programme (RLEGP), and that of rural bridges was taken up under State Plan Schemes. The financial outlay and expenditure incurred thereagainst were as under:-

(a) Rural Roads

Year	Outlay			Expenditure		
	NREP	RLEGP	Total	NREP	RLEGP	Total
1985-86	33.05	25.38	58.43	32.16	24.91	57.07
1986-87	28.50	8.19	36.69	23.80	7.70	31.50
1987-88	36.57	6.01	42.50	35.15	5.41	40.56
1988-89	29.05	—	29.05	26.10	—	26.10

From 1989-90, the construction of rural roads was executed through Panchayats under Jawahar Rozgar Yojana. The Panchayats are directly responsible for the receipt and utilisation of monies.

(b) Rural Bridges		
Year	Outlay	Expenditure
		(Rupees in lakhs)
1985-86	65.60	70.07
1986-87	81.25	85.10
1987-88	78.25	82.04
1988-89	86.00	87.62
1989-90	92.80	91.64
1990-91 (Provisional)	86.70	76.39

4.1.6 Planning and Survey

The department had not issued any guidelines laying down the manner in which the works were to be selected. The selection of the works was done on the basis of public demand. After conducting site survey, the works so selected by the Department alongwith the estimates were submitted for approval to Government.

4.1.7 Physical Targets and Achievement

The physical targets and achievement in respect of rural roads for the period from 1985-86 to 1988-89 and bridges for the years 1985-86 to 1990-91 were as follows:-

(a) Roads						
Year	NREP		RLEGP		TOTAL	
	Targets	Achievement	Targets	Achievement	Targets	Achievement
	(In Kilometres)					
1985-86	221.89	221.89	85.64	85.54	307.53	307.43
1986-87	307.45	306.18	25.17	25.17	332.62	331.35
1987-88	301.88	300.88	13.00	13.00	314.88	313.88
1988-89	215.60	215.60	—	—	215.60	215.60
**						

** From April 1989 onwards, construction of rural roads was got executed through Panchayats under the Jawahar Rozgar Yojana.

(b) Bridges

Year	Targets	Achievement	Percentage of achievement
(In Numbers)			
1985-86	49	28	57
1986-87	80	51	64
1987-88	80	36	45
1988-89	60	50	83
1989-90	30	48	160
1990-91	40	33	82
	339	246	73

Out of 246 bridge works executed 145 were of value not exceeding Rs.1 lakh in each case, 60 ranging from Rs. 1 lakh to Rs.2 lakhs and 41 cases were above Rs.2 lakhs.

Though the expenditure was incurred upto total provisions, the physical achievement during the above period was only 73 per cent. The construction works were generally executed through Panchayat nominees at par with the estimated costs, but in a few cases where tenders were called for, the works were executed at less than the estimated costs (ranging from 3 per cent to 31 per cent).

4.1.8 Execution

The following defects/irregularities were noticed in execution of the works relating to construction of rural bridges:—

(a) Survey

During test-check it was noticed that no proper survey was conducted before starting the works. Site of construction of two suspension bridges over Barfung Khola (42 m) and Kholaghari Khola (45 m) in South district had to be changed as they were not found safe due to sinking/land slides etc. after an expenditure of Rs.1.26 lakhs had been incurred.

(b) **Lack of supervision**

(i) The construction of 12.2m steel bridge over Nassa Khola (approved estimated cost: Rs.1.11 lakhs) was taken up in February 1988 and completed in November 1988 at a cost of Rs.1.10 lakhs. Under the agreement the decking was in MS chequered plate (Cost: Rs.15,629). The contractor, however, did wooden decking (Costs: Rs. 2,710) on his own without approval of the Department. No action was also initiated against the contractor.

(c) **Delay in execution-cost overrun**

Test-check of 14 works revealed that there were delays in completion of the works ranging from 6 to 42 months. Due to the delay, the cost overrun in these cases worked out to Rs.6.77 lakhs. Details are shown in *Appendix 11*.

The delay was attributed to non-availability of stock materials in departmental stores.

(d) **Avoidable expenditure**

The civil works of suspension foot bridge over Simbling Khola (estimated cost: Rs.1.81 lakhs) was put to tender (July 1982). Though the lowest offer received was 19.1 per cent below the estimated cost, the work was awarded (September 1982) to another contractor at par with the estimates on the recommendation of the area MLA and Gram Panchayat. The work was to be completed within a month from 23rd September 1982, but was, however, not completed by the due date. The incomplete structure was reported to have been washed away in a flash flood in September 1983, resulting in loss of Rs.5.05 lakhs (Rs.4.86 lakhs paid to the contractor in May 1986 and contingencies Rs.0.19 lakh). No penalty was levied on the contractor for the delay.

Subsequently, the estimate was revised in July 1984 and the civil portion of the work was completed (October 1985) through the same contractor at a cost of Rs.3.82 lakhs.

(e) Overpayment on carriage and consumption of materials

According to the terms of agreements, payment towards carriage charges of stones was to be limited to 25 per cent of the quantity utilised in the works, as the stones were available near the locations. However, the Department allowed the carriage charges on the entire quantity of stones utilised and in 3 cases, such erroneous payment resulted in excess payment of Rs.0.43 lakh as detailed at *Appendix 12*.

(f) Loss of Rs.4.07 lakhs due to non-maintenance

The Suspension Foot Bridge (SFB) over river Teesta at Togu was completed in September 1985 at a total cost of Rs.4.07 lakhs.

The bridge collapsed in October 1985 due to continuous snow-fall. It was reported by the DDO, North that heavy snow measuring 1.8 metres and weighing over 147 tonnes had accumulated against the load capacity of 108 tonnes, including dead load of the bridge resulting in its collapse. No enquiry was conducted by the Department to ascertain the reasons for collapse.

4.1.9 Other topics of interest

(a) Purchase of MS rods—avoidable extra expenditure

The Department placed orders (July 1986) with a firm at Government approved rates (of 1985-86) for supply of 43.42 tonnes of MS rods, though the rates quoted by another firm 'C' were lower as compared to the approved rates. Due to rejection of the lower rates offered by the firm 'C', the Department incurred an avoidable expenditure of Rs.0.39 lakh in the purchase. No reasons were recorded for the rejection.

(b) Excess payment due to wrong totalling

In the case of 10 vouchers, the Department had paid Rs.0.46 lakh in excess of actual entitlement due to wrong totalling/arithmetical computation of the bills.

(c) **Assets destroyed but not written off**

Scrutiny of records revealed that 32 bridges valued at Rs. 10.45 lakhs constructed from 1973-74 onwards were destroyed due to natural calamities or for other reasons. However, no action had been taken by the Department to get the value of the assets written off.

(d) **Private arrangement of materials**

According to the provisions of rule 208 (a) of SPWD code, in the agreement made with the contractors, stock materials were to be issued from departmental stores. Scrutiny, however, revealed that in many cases, the contractors procured materials (viz. cement and steel, on their own without prior approval. The Department accorded approval/ex-post facto approval to such arrangement. A test-check of the stock account, however, revealed that sufficient stock was available in the stores at that time.

4.1.10 Maintenance of records

The Department did not maintain essential records like-

- Assets register showing the details of assets erected,
- Work abstracts indicating monthly progress (physical and financial) of the works, and
- Contractor's ledger showing issue of materials, advance payment, secured advance, if any, and subsequent adjustment by way of payment of bills etc.

4.1.11 These points were brought to the notice of the Department/Government in July 1991; their replies had not been received (March 1992).

4.2 Avoidable expenditure on procurement of cement

The Department placed an order on 20th March 1990 on a firm at Jorethang (South district) for supply of 16000 bags of cement. According to the terms of the supply order, the rate was Rs. 88 per bag including all taxes and delivery of the materials at the departmental godown, Jorethang, and the supply was to be completed within 30 days from the date of issue of order.

During audit in October 1990 it was noticed that the firm failed to supply any quantity within the stipulated period and subsequently supplied 7,945 bags of cement (4,945 bags in May 1990 and 3,000 bags in June 1990). In respect of these belated supplies, the Department paid Rs.7.68 lakhs as against Rs.6.99 lakhs payable according to the supply order, thus incurring an extra expenditure of Rs.0.69 lakh as shown below:—

<i>Date of supply</i>	<i>Quantity supplied</i>	<i>Rate at which paid per bag</i>	<i>Rate payable per bag</i>	<i>Difference per bag</i>	<i>Extra payment</i>
	(In bags)				(In rupees)
5.90	4,945	95.55	88.00	7.55	37,334.75
6.90	3,000	98.49	88.00	10.49	31,470.00
Total :					68,804.75

The Department stated (March 1991) that the firm was an authorised dealer in cement and had specified in its offer that the price would be enhanced in case of increase of price by the manufacturer. However, no document to the above effect could be produced by the Department, nor did the supply order contain any clause for such escalation of price.

Thus, due to delay in execution of the order by the firm, the Department had to incur an extra and avoidable expenditure of Rs.0.69 lakh which also resulted in extra contractual benefit to the firm.

The matter was reported to Government in July 1991; reply had not been received (March 1992).

4.3 Extra and avoidable expenditure due to collapse of a bridge

The work of construction of a 19.50 metre span bridge over river Helkhola at Namcheybong (East district) was awarded (January 1988) to a Panchayat nominee at an estimated cost of Rs.6.98 lakh, with stipulated date of completion as 23rd July 1988. The slab of the

bridge was cast on a rainy day on 21st July 1988 in the mid-monsoon. The progress of the work was not upto expectation and only 55 per cent of the work had been executed by the end of July 1988. The delay was due to non-availability of materials to be issued by the Department.

While removing the shutterings, the bridge collapsed on 28th August 1988. An expenditure of Rs. 1.00 lakh was incurred by the Department for restoration and repairs of the bridge. The work was finally completed in March 1989 at a total cost of Rs. 1.94 lakhs including the cost of restoration and repairs.

The reasons for the collapse of the bridge were stated to be:

- (i) Incessant rains from the day of casting (21st July 1988), thereby affecting the cement slurry and diluting the bonding quality between the concrete mix and the steel ;
- (ii) vertical props given to support the shutterings being displaced/washed away due to excessive flow of water in the stream; and
- (iii) occurrence of an earthquake on 21st August 1988 causing damage to the bridge.

The Secretary, however, attributed (February 1987) the collapse of the bridge to lack of technical supervision.

The Department stated (March 1991) that rainfall in Sikkim was not easily predictable and as a result the unfortunate accident occurred; and that in view of the maximum benefit being received by the villagers from the bridge, the expenditure of Rs. 1.00 lakh was incurred on restoration.

The reply of the Department is not tenable as the failure of the bridge was due to lack of supervision and not due to accident (earthquake). The Department should have avoided the casting work in mid-monsoon when the risk of damage is high. The site supervisors (technical) could have suggested for taking up of casting work either before commencement of the monsoon or deferring it till the monsoon was over. Thus lack of supervision on the part of the Department led to an extra and avoidable expenditure of Rs. 1.00 lakh on restoration.

The matter was reported to Government in June 1991; their reply had not been received (March 1992).

CHAPTER V — STORES AND STOCK

POWER DEPARTMENT

5.1 Stores Accounts

5.1.1 Introduction

The Stores Division of the Department is responsible for the purchase, maintenance and issues of materials required for execution of different works. According to general principles purchase of materials of value exceeding Rs.10,000 are normally to be made through the State Trading Corporation of Sikkim (STCS). However, in cases where delay is anticipated in procurement of stores through STCS, the Department, with the approval of the Finance Department, may procure them directly in the manner deemed appropriate.

5.1.2 Organisational set up

The Stores and Stock accounts of the Power Department are maintained by a Divisional Engineer (Stores). There are 4 store depots located at Gangtok, Ranipool, Singtam (Topakhani) and Rothak each headed by an Assistant Engineer.

5.1.3 Audit Coverage

A review of the Stores and Stock accounts of the Department for the period from 1986-87 to 1990-91 was conducted during April and May 1991 and the records of the offices of the Chief Engineer, the Divisional Engineer (Stores), Gangtok and 2 store depots at Rothak and Singtam (Topakhani) were test checked. The results of the review are discussed in the succeeding paragraphs.

All abbreviations used in this Review are listed in the Glossary in Appendix 17 (Page No.182).

5.1.4 Highlights

Unnecessary purchase resulted in blockage of Rs.13.03 lakhs.

(Paragraph 5.1.7(d))

— Material valuing Rs.1.87 lakhs remained unaccounted for.

(Paragraph 5.1.8(b))

— Hire charge of plant and machineries amounting to Rs.3.92 lakhs were not realised.

(Paragraph 5.1.9(a))

— There was blockage of fund amounting to Rs.99.88 lakhs due to non-disposal of surplus/obsolete stores.

(Paragraph 5.1.10(a))

— Out of the advances of Rs.182.31 lakhs made to the STCS and a private firm, Rs.31.06 lakhs were lying outstanding as on 31st March 1991.

(Paragraphs 5.1.10(b) (i) and (c))

There was loss of Rs.8.33 lakhs due to non-preference of freight reimbursement from the Controller of cement.

(Paragraph 5.1.10(b) (ii))

5.1.5 Budget provision and expenditure

The budget provision and expenditure incurred on procurement of stores during 1986-87 to 1990-91 were as under :

<i>Year</i>	<i>Budget provision</i>	<i>Expenditure</i>	<i>Savings (—)</i>
<i>(Rupees in lakhs)</i>			
1986-87	230.00	191.71	(—) 58.29
1987-88	300.00	235.77	(—) 64.23
1988-89	300.00	141.10	(—) 158.90
1989-90	200.00	71.90	(—) 128.10
1990-91	150.00	7.13	(—) 142.87

Savings were attributed to purchase of stores and debiting the cost directly to the concerned works.

5.1.6 Transactions

The closing balance of stock suspense at the end of each of the five years ending 1990-91 were as under:

<i>Year</i>	<i>Opening balance</i>	<i>Receipts</i>	<i>Issues</i>	<i>Closing balance</i>
<i>(Rupees in lakhs)</i>				
1986-87	423.55	191.71	254.54	360.72
1987-88	350.72	235.77	243.33	353.16
1988-89	353.16	141.00	146.81	347.35
1989-90	347.35	71.90	54.83	364.42
1990-91	364.42	7.13	20.84	350.71

The closing stock balance included value of materials held in various store depots, advance payments made to the STCS/other private firms and value of materials issued to various works but awaiting adjustment. The test-check of records revealed that stores valued at Rs.122.66 lakhs issued to different works and contracts were awaiting adjustment in account due to delay in recovery of costs.

5.1.7 Purchases

(a) Non-operation of the system of centralised purchase

Prior to 1989-90 all major purchases of stores, whether needed for stock or utilisation in works, were made through the Stores Division. However, from 1989-90, except some quantities of steel and cement, the purchases were generally made by the Department on the basis of tenders/quotations according to the specific requirements and were charged direct to works concerned. During the period from March 1989 to March 1990, materials valued at Rs.140.54 lakhs were purchased for utilisation in works. However, the materials remained unaccounted for due to non-maintenance of Materials at Site Accounts, and the possibility of pilferage of these stores could not be ruled out.

(b) **Insufficient time for submission of tender**

According to the rules, in the cases of purchase of stores costing more than Rs.1 lakh, open tenders through advertisement are to be invited at least a month before the last date of submission of tenders. In seven cases of purchases involving costs ranging from Rs.3.27 lakhs to Rs.100.81 lakhs, the time allowed varied from 7 to 12 days only from the date of publication of notice. Further, the quantity to be supplied was not specified in the notices inviting tenders. Thus the scope of the market response, as well as the competition, were vitiated.

(c) **Irregular purchase of cement**

According to the terms of the contract, cement required for construction of 66 KVS/C transmission line foundation from Melli to Lyaring and from Tadong to Sichey was to be supplied free of cost by the Department. However, contrary to the above provisions, the Department allowed the contractor to procure 12,000 bags of cement on its behalf.

The supplier firm was paid Rs.10.20 lakhs for the cost of cement in January 1990 though the claim by the firm was made without any supporting document such as cash memo/paid bill, transport challan of authorised transporter (Sikkim Nationalised Transport), etc. As the purchase was made on behalf of the Department, all documents relating to purchase and delivery of cement were required to be produced by the firm. The Department made payment at the rate of Rs.85 per bag as against the approved rate of the STCS of Rs.82.50 per bag which resulted in additional expenditure of Rs.0.30 lakh.

Similarly in another case, the Department permitted a firm to procure 3,000 bags of cement for construction of transmission line foundation from Namchi to Rothak, and made payment of Rs.2.60 lakhs to the firm on 25th January 1990 without obtaining purchase and delivery documents.

Though the cost of the cement was borne by the Department in both cases no records (i.e. Materials at Site Account) were maintained to show the receipt of the materials at the site and their utilisation for the work. In the absence of any such records, the possibility of misutilisation of cement could not be ruled out.

(d) Unnecessary purchases resulting in blockage of Government money

(i) The Department through STCS placed a purchase order (August 1985) for supply of 100 tonnes of Galvanised Iron Stay wire. Against the order, the firm supplied 112.749 tonnes during September 1985 to January 1986, resulting in excess supply of 12.749 tonnes of material valued at Rs.1.85 lakhs. The Department, instead of refusing the excess quantity, accepted the same. In addition, the Department procured 39.909 tonnes of GI Stay wire in December 1988 from another local firm at a cost of Rs.4.60 lakhs. The 52.658 tonnes so procured remained unutilised as of June 1991 blocking a total sum of Rs.6.45 lakhs.

(ii) In the work of design/engineering/supplying/erection/commissioning of 66 KV sub-stations at Gayzing, Sichey and Melli (April 1986), all materials required for the work were to be supplied by the contractor firm. The Department however, purchased one 66 KV single phase oil filled transformer (Rs.0.40 lakh) and 302 metres of 11 KPVC insulated armoured cable (Rs.2.04 lakhs) which had not been used as of June 1991.

(iii) On the basis of demonstration arranged by a firm, the Department purchased 100 crimping tools, 10,500 sleeves and 3,000 angle tabs valuing Rs.11.90 lakhs for drawing of transmission lines during May to October 1986. Of these, materials valuing Rs.4.14 lakhs were lying unutilised (September 1990).

The Department stated (June 1991) that the crimping tools were purchased for jointing overhead conductors as well as underground conductor cables. However, the reasons for their non-utilisation were not stated.

(e) Short supply of Meters

In June 1984 the Stores Division placed a supply order with the State Trading Corporation of Sikkim (STCS) for procurement of 3,400 energy meters of various sizes at a cost of Rs.9.17 lakhs. The supplies were received only in December 1985 by Stores Division. After a further lapse of about 16 months, in April 1987, the Executive Engineer (Commercial and Maintenance) reported to the Executive Engineer (Stores) that 391 meters valued at Rs.0.84 lakh had been received short. Due to delay in detection of short supply, no claim could be preferred either with the firm or with the STCS for the short receipt which resulted in loss of Rs.0.84 lakh.

5.1.8 Custody and Control

(a) Fictitious adjustment of stores

According to the rules, fictitious adjustment of stores such as (i) debiting to work the cost of materials not required immediately, (ii) debiting cost of materials to work for which funds are available when the materials are actually required for some other works where funds are not available, (iii) writing back of value of materials used on works to avoid excess expenditure, are prohibited. A test-check of the transfer entry register for 1990-91 revealed that in 13 cases cost of materials (value Rs.24.75 lakhs) was debited to the works where funds were available but the items were used in other works. Adjustment was made in the accounts, when funds were made available.

(b) Irregular issues of MS Angles

The Department procured (June 1989) 45.465 tonnes of MS Angles costing Rs.5.24 lakhs and utilised 16.524 tonnes for fabrication of 153 (8.5 - metre) steel latticed structures and 25.728 tonnes for fabrication of 201 structures (9-metre). Of these fabricated structures 18 (8.5-metre) and 82 (9-metre) structures remained unaccounted for, as they were neither shown as issued nor included in the closing balance. Moreover, 3,200 tonnes of angles were shown as issued for fabrication of switchyard structures of Diesel Power House, but no particulars of indent, gate pass, etc. were available. As a result, angles value at Rs.1.87 lakhs remained unaccounted (June 1991).

While, according to norms fixed by the Department, 115 kg. of MS Angles were required for fabricating one 9 metre structure, 128 kg. were shown as used. As a result, 2.613 tonnes of angles valued at Rs.0.31 lakh were utilised in excess of prescribed norms.

(c) Non-accountal of cement

Scrutiny of bin cards revealed that 5,708 bags of cement procured prior to January 1990 were lying unutilised as of May 1991 in 4 store depots (Gangtok-2,462 bags, Ranipool-1,824 bags, Topakhani-392 bags and Rothak-1,030 bags). Even so, the Department purchased 12,000 more bags valued at Rs.10.20 lakhs in January 1990. Moreover, closing balance (31st March 1990) of 5,708 bags cement (Rs.4.71 lakhs) was not carried over. The Department stated (December 1991) that out of 1,030 bags in Rothak Depot, 370 bags were issued to REC

works, while 660 other bags were received in clotted condition from the Railway/Sikkim Nationalised Transport, and that action to write off the same was under process.

As regards 12,000 bags of cement purchased in January 1990, it was stated (December 1990) that the same was utilised by charging to the works concerned.

5.1.9 Tools and Plants

(a) Non-realisation of hire charges

It was seen from hire charge register of machinery and tools and plants and other records of Topakhani Stores Sub-Division that plants and machinery were given on hire for various purposes but recoveries were not effected. Details are shown below:

Machinery	No. of days	Rate of hire charges per day (Rs.)	Amount	Name of the party
<i>(Rupees in lakhs)</i>				
Road Roller	5	400	0.02	Private party
Bulldozer	330	1,200	1.56	Not available
Road Roller	19	400	0.08	Sikkim Public Works Department
Kriloskar Compressor	452	500	2.26	Private party
			<u>3.92</u>	

(b) Non-accountal of Tools and Plant articles

According to the rules, all articles received should be accounted for in the Tools and Plant (T&P) Register. However, the T&P Register was not maintained either by the above Sub-Division or by the Divisional Office. A test-check of vouchers for the period from March 1989 to March 1990 revealed that tools and plant worth Rs.3.56 lakhs were neither taken to T & P Register/Site Account nor shown in the monthly

return furnished to the Division. In the absence of T & P Register, hire charges for tools and plant lent to contractors and others were not fixed and recovered. Further, disposal of surplus tools and plant was also not recorded at any time by the Department.

5.1.10 Other topics of interest

(a) Slow moving stores

All articles of stock which are not likely to be required during the following 12 months are to be reported to the Chief Engineer and orders for the disposal of stores sought. A test-check of store records revealed that 156 items of stores valued at Rs.99.88 lakhs were lying without being issued for over 5 years in different store depots, which resulted in blockage of Rs.99.88 lakhs.

The Department stated in December 1991 that unserviceable/obsolete/surplus materials would be disposed of after preparation of survey report for which action was under process.

(b) Loss due to payment of freight charges

(i) The Department paid advances of Rs.173.10 lakhs to STCS for procurement of 19,856 tonnes of cement during the years 1980-81 to 1986-87. Against these advances, the Department received 15,608.40 tonnes of cement valued at Rs.150.12 lakhs. The balance quantity of cement was not supplied. The STCS claimed Rs.12.18 lakhs towards freight charges for adjustment against the balance amount of Rs.22.98 lakhs refundable by them. As the freight charges claimed by the STCS was reimbursable from the Controller of Cement the same was not adjustable against the above advance. The Department stated (December 1991) that the bills in respect of supplies made had not been adjusted against the advances paid to the STCS.

(ii) The Department procured 4,900 tonnes of cement direct from the factory during the years 1984-85 to 1987-88. The freight charge by road from Siliguri to Gangtok at a rate of Rs.170 per tonne was reimbursable by the Controller of Cement. The Department did not prefer the claim with the Controller of Cement. As a result, it sustained a loss of Rs.8.33 lakhs.

(c) Non-realisation of advance

The Department placed supply order on a local firm for supply of 1,400 tonnes of levy cement at the approved rate of Rs.1,316 per tonne, and paid Rs.9.21 lakhs (50 per cent) as advance in August 1988. The firm supplied cement valued at Rs.1.13 lakhs (86 tonnes) and expressed its inability to supply the balance quantity. The Department had not taken any action to recover the balance amount of advance of Rs.8.08 lakhs as of June 1991.

(d) Non-return of billets

(i) The Department supplied 714.875 tonnes of billets to a Calcutta based private rerolling mill for conversion into MS Angles in November 1979. Under the agreement, 643.307 tonnes of MS Angles were required to be supplied to the Department, but only 525.748 tonnes of finished products were delivered by the mill upto 1982, without returning the balance of 129.875 tonnes of billets costing Rs.3.11 lakhs. As the factory was closed down in July 1982, the cost of materials could not be recovered by the Department.

(ii) Similarly, the Department delivered 995.860 tonnes of billets to three Calcutta-based firms for conversion into 896.274 tonnes of MS Angles during 1981-82. These firms supplied 776.255 tonnes of finished products. The balance quantity of finished products were not supplied to the Department as of June 1991. No steps were taken to recover the cost of the balance material worth Rs. 5.62 lakhs from the firms. Further, out of 999.417 tonnes of billets purchased, only 995.860 tonnes were issued to the three firms, and 3.557 tonnes worth Rs.0.15 lakh remained unaccounted for. Thus the total loss worked out to Rs.5.77 lakhs.

(e) Stores materials issued on loan

Scrutiny of the monthly returns of summary of stock receipt and issue in respect of Gangtok, Ranipool and Topakhani stores for October 1990 revealed that materials worth Rs.11.60 lakhs had been issued on loan basis without proper authority. Details of the parties to whom the materials were lent were not on record, and no action had been taken to realise the cost (June 1991).

The Department stated that the matter was under investigation.

5.1.11 General

(a) Reserve Stock Limits

Reserve stock limit of stores had not been fixed in any year, with the result that there was no proper control on expenditure on purchase of stores.

(b) Physical verification of stores

Physical verification of store is required to be conducted once a year, but no such verification had ever been done.

(c) Non-maintenance of records

(i) Contractor's Ledger

Scrutiny revealed that contractor's ledger for watching the recovery of outstanding advances and cost of material issued to constructors for works was not maintained.

(ii) Non-maintenance of Site Accounts

Material charged direct to work are to be accounted for in the materials at site accounts. Extracts from the Material at Site Accounts are required to be forwarded to the Division for check, to facilitate check of the balances of unused stores physically by the Assistant Engineer, at least once a year. No such site accounts were maintained.

CHAPTER VI

REVENUE RECEIPTS

6.1 Trend of Revenue Receipts

The total receipts of the Government of Sikkim for the year 1990-91 were Rs.159.52 crores, against anticipated receipts of Rs.157.11 crores. Receipts during 1990-91 registered an increase of 19 per cent over those of 1989-90 (Rs.134.26 crores). Out of the total receipts, Rs.42.00 crores represented revenue raised by the State, of which Rs. 15.30 crores were from tax revenue and the balance of Rs. 26.70 crores was from non-tax revenue. Receipts from Government of India amounted to Rs.117.53 crores, of which Rs.21.20 crores represented the State's share of Union Excise Duties and the balance of Rs.96.33 crores represented grants-in-aid.

6.2 Analysis of Revenue Receipts

(a) General analysis

An analysis of the receipts during the year 1990-91, alongwith the corresponding figures for the preceding two years is given below:

	1988-89	1989-90	1990-91
	(Rupees in lakhs)		
I. Revenue raised by the State Government			
(a) Tax Revenue	1513.11	1589.60	1530.21
(b) Non-Tax Revenue	2288.89	2053.70	2669.38
Total	3802.00	3643.30	4199.59
II. Receipts from Government of India			
(a) State's share of divisible Union Taxes	1913.85	1700.35	2119.92
(b) Grants-in-aid	9230.80	8082.64	9632.88
Total	11144.65	9782.99	11752.80
III. Total receipts of the State (I plus II)	14946.65	13426.29	15952.39
IV. Percentage of I to III	25	27	26

(b) Tax revenue raised by the State

Receipts from tax revenue constituted 36 per cent of the total revenue raised by the State during 1990-91. An analysis of the tax revenue for year 1990-91 and the preceding two years is given below:

	1988-89	1989-90	1990-91	Increase (+)/ decrease (—) in 1990-91 of varia- with refe- tion rence to 1989-90
	(Rupees in lakhs)			
1. State Excise	677.44	757.32	643.45	(—) 113.87 15
2. Taxes on Income other than Corporation Tax	447.51	417.74	397.90	(—) 19.84 5
3. Sales Tax	236.90	271.39	307.61	(+) 36.22 13
4. Taxes on Vehicles	32.88	33.34	36.65	(+) 3.31 10
5. Land Revenue	13.37	7.44	27.70	(+) 20.26 272
6. Stamps and Registration Fees	18.29	19.80	17.67	(—) 2.13 11
7. Other Taxes and Duties on Commodities and Services	96.72	82.57	99.23	(+) 16.66 20
Total	1513.11	1589.60	1530.21	(—) 59.39 4

(c) Non-Tax revenue of the State

Road Transport Services, Interest, Power, Plantations, Forest and Dividends and Profits were the principal sources of non-tax revenue of the State. Receipts from the non-tax revenue during the year 1990-91 constituted 63.46 per cent of the revenue raised by the State. An analysis

of non-tax revenue under the principal heads for the years 1988-89 to 1990-91 is given below:

	1988-89	1989-90	1990-91	Increase (+) Decrease (—) in 1990-91 with refe- rence to 1989-90	Per- centage of variation	
(Rupees in lakhs)						
1. Road Transport	903.38	780.66	985.09	(+)	204.43	26
2. Interest	54.90	60.54	278.42	(+)	217.88	360
3. Power	152.63	181.76	262.36	(+)	80.60	44
4. Plantation	101.98	83.56	140.37	(+)	56.81	68
5. Forest	83.06	122.38	111.12	(—)	11.26	9
6. Dividends and Profits	160.87	70.01	106.02	(+)	36.01	51
7. Public Works	72.58	84.48	56.83	(—)	27.65	33
8. Stationery and Printing	32.31	34.88	37.84	(+)	2.96	8
9. Tourism	27.66	16.48	19.20	(+)	2.72	17
10. Village and Small Industries	15.04	15.11	18.24	(+)	3.13	21
11. Crop Husbandry	15.65	17.01	14.43	(—)	2.58	18
12. Animal Husbandry	11.88	12.03	13.76	(+)	1.73	14
13. Industries	7.98	12.69	11.97	(—)	0.72	6
14. Education, Sports, Arts and Culture	8.62	18.73	11.47	(+)	2.74	31
15. Others	640.35	553.38	602.26	(+)	48.88	9
Total	2288.89	2053.70	2669.38	(+)	615.38	30

Reasons for variation in collection of revenue in the year 1990-91 as compared to the year 1989-90 had not been received from the concerned departments (October 1991).

6.3 Variation between the Budget Estimates and Actuals

(b) The variation between the Budget Estimates and Actual of tax revenue and non-tax revenue during the year 1990-91 are given below:

	Budget estimates (revised)	Actual	Variation Increase(+) Decrease(—) with refe- rence to budget estimates	Percentage of variation
<hr/>				
	(Rupees in lakhs)			
A. Tax Revenue	1603.65	1530.21	(—) 73.44	5
B. Non-Tax Revenue	2221.93	2669.38	(+) 447.45	20

The variation between the budget estimates and actuals during the year 1990-91 was of the order of Rs.374.01 lakhs (10 per cent) and comprised a decrease of Rs.73.44 lakhs under tax revenue and increase of Rs.447.45 lakhs under non-tax revenue.

The decrease under tax revenue was accounted for mainly by shortfall (Rs.156.55 lakhs) under State Excise, partly offset by increase under Sales Tax (Rs.57.67 lakhs) and Land Revenue (Rs.20.70 lakhs). The State Excise Department stated (May 1991) that the decrease was due to closure of one company and suspension of production by another company from January 1991 onwards.

The increase in non-tax revenue mainly occurred under Miscellaneous General Services (State Lotteries, Rs.114.06 lakhs), Interest receipts (Rs.223.42 lakhs), dividends and profits (Rs.46.02 lakhs) reasons for which have not been intimated by the Department.

(b) In respect of the following principal heads of revenue, the variation between Budget estimates and actual receipts for the year 1990-91 were more than 10 per cent.

Head of revenue	Budget estimates	Actual	Variation increase(+)/ decrease(-) (percentage of variation in brackets)	Reasons for variation
(Rupees in lakhs)				
A. Tax Revenue				
1. State Excise	800.00	643.45	(-)156.55 (20)	The shortfall was due to closure of one company and suspension of production by another company.
2. Sales Tax	250.00	307.61	(+)57.61 (23)	Due to levy of tax on cardamom, ginger and oranges with effect from May 1991.
3. Taxes on Vehicles	30.00	36.65	(+)6.65 (22)	Increase was stated to be due to revision of Tax under Central Motor Vehicles Act, 1988.
4. Stamps and Registration	15.10	17.67	(+)2.57 (17)	Excess was due to large scale registration of immovable properties during the year.
B. Non-Tax Revenue				
1. Miscellaneous General Services	400.00	514.06	(+)114.06 (29)	Excess in receipts was on account of State Lotteries.
2. Plantation	110.00	140.37	(+)30.37 (28)	The receipts from Temi Tea Estate were more during last quarter of the year due to increase in the price of tea.

3.	Forestry and Wild-life	100.00	111.12	(+)11.12 (11)	The increase was stated to be due to realisation of land compensation from Army authorities during the year.
4.	Dividends and Profits	60.00	106.02	(+)46.02 (77)	The increase was due to declaration and payment of interim dividend by Sikkim Distilleries.
5.	Interest Receipts	55.00	278.42	(+)223.42 (406)	The variation was attributed to investment of cash balance in short term deposits on which interest realised was more than anticipated.
6.	Public Works	44.90	56.83	(+)11.93 (27)	Reasons for variation have not been intimated.
7.	Tourism	27.00	19.20	(-)7.80 (29)	The shortfall was attributed to non-realisation of outstanding dues from other departments.
8.	Village and Small Industries	26.00	18.24	(-)7.76 (30)	The decrease was stated to be on account of non-repayment of industrial loans.
9.	Animal Husbandry	15.70	13.76	(-)1.94 (12)	The variation was attributed to decrease in the check-post entry fees and sale proceeds of eggs and birds due to blockage of National Highway and other natural calamities.

6.4 Cost of collection

Expenditure incurred on collection of revenue under the principal heads during the years 1988-89 to 1990-91 is given below:

Head of Revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for 1989-90
(Rupees in lakhs)					
1. Taxes on Income Other than Co-poration Tax†	1988-89	447.51	6.48	1.45	
	1989-90	417.74	7.18	1.72	
	1990-91	397.90	7.95	2.00	
2. Land Revenue††	1988-89	13.37	46.63	348.77	
	1989-90	7.44	46.36	623.31	
	1990-91	27.70	52.15	188.27	
3. State Excise	1988-89	667.44	20.13	3.02	
	1989-90	757.32	20.67	2.73	
	1990-91	643.45	26.77	4.16	3
4. Sales Tax	1988-89	236.90	7.45	3.14	
	1989-90	271.39	6.45	2.38	
	1990-91	307.61	8.75	2.84	1.5
5. Taxes on Vehicles	1988-89	32.88	4.71	14.32	
	1989-90	33.34	6.12	18.36	
	1990-91	36.65	5.26	14.35	3
6. Entertainment Tax	1988-89	24.25	1.04	4.33	
	1989-90	25.14	1.37	5.45	
	1990-91	18.77	1.30	6.93	

†Indicates Sikkim State Income Tax.

††Expenditure under 'Land Revenue' relates to other administrative functions also. Expenditure on collection of 'Land Revenue' has not been segregated.

The increase in the expenditure under 'Land Revenue' was attributed to purchase of one vehicle and three photo-copier machines. Increase in the cost of collection of State Excise was stated to be due to repairs of office building and residential quarters, purchase of equipment and furniture and increase in the dearness allowance. The cost of collection in respect of Sales Tax was said to be due to the setting up of three Sales Tax checkpoints. The decrease in the expenditure under taxes on vehicle was attributed to the fact that all miscellaneous expenses as per Central Motor Vehicle Act were incurred during the previous year i.e. 1989-90. The reasons for increase on the cost of collection in respect of Income Tax were not intimated (March 1992).

6.5 Outstanding Inspection Reports

Audit observations on irregularities and defects in assessment, demand and collection of State Receipts noticed during local audit are intimated through inspection reports to the departmental officers, Heads of departments and also to Government where necessary. The points mentioned in the reports are to be settled as expeditiously as possible and within four weeks from the date of receipt of the inspection reports by the department by revising assessments already made and demanding additional tax, where necessary.

The position of inspection reports in respect of revenue receipts issued upto the end of December 1990, but remaining outstanding as at the end of June 1991 was as under:-

	<i>At the end of June</i>	
	1990	1991
1. Number of outstanding Inspection Reports	70	77
2. Number of outstanding Audit objections	379	402
3. Money value of the objections (in crores of rupees)	63.12	64.86

The position of outstanding paras and objections has been reported to the Chief Secretary of the State Government in March 1992.

FOREST DEPARTMENT

6.6. Forest Produce

6.6.1 Introduction

The State of Sikkim, situated at the foothills of the Himalayas, has a total area of 7299 sq. km. of which 2650 sq. km. (36 per cent) are under forest cover, as classified below:

Reserve Forests	2,261 sq. km.
Khas Forests	285 sq. km.
Gaucharan	104. sq. km.

The main forest produces are timber, fuelwood, charcoal, cardamom etc. Forest resources are required to be utilised to the optimum level without causing denudation and without converting renewable resources into non-renewable resources.

6.6.2 Organisational set up

The responsibility for conservation, production, extraction and disposal of forest produce rests with the Principal Chief Conservator-cum-Secretary, Forest Department, who is assisted by two Chief Conservators and five Conservators of Forest. There are two circles, viz. Territorial and Utilisation, having four divisions each headed by a Divisional Forest Officer assisted by the field staff.

6.6.3 Scope of Audit

A review of the activities of the Department was conducted during April-June 1991 with reference to two Circles and one Division, all located at Gangtok. Audit observations are given in the succeeding paragraphs.

6.6.4 Highlights

Shortfall in actual receipts as compared to the estimates has been persistent from 1988-89. No steps were, however, taken to streamline the system. (Paragraph 6.6.6)

All abbreviations used in this Review are listed in the Glossary in Appendix 17 (Page No. 182).

— Shortfall in extraction/production of firewood and charcoal remained unchecked. No records were maintained to indicate the actual extraction of timber for the period from 1987-88 to 1990-91.

(Paragraph 6.6.7 (a) & (b))

— The actual yield of cardamom was only 3 per cent of the estimated yield of 120 kg per acre under departmental cultivation. In respect of cardamom cultivated through lessees, minimum quantity towards Govrenment share has not been fixed. (Paragraph 6.6.7(c))

— Out of Rs. 67.62 lakhs of forest produce damaged due to occupation of forest area by other Departments etc. an amount of Rs. 43.88 lakhs remained unrealised. (Paragraph 6.6.8)

— Non-accountal of wooden ballies* valued at Rs. 2.85 lakhs and charcoal valued at Rs. 6.03 lakhs resulted in a loss of revenue of Rs. 8.88 lakhs. (Paragraph 6.6.9)

— There was loss of Rs. 29.35 lakhs on account of failure to cure/revive the old cardamom plantation. Failure to check encroachment of forest land by the public also resulted in loss of forest produce valued at Rs. 9.86 lakhs. (Paragraph 6.6.10)

— Non-implementation of revised rates with effect from April 1986, led to a revenue loss of Rs. 1.80 lakhs. (Paragraph 6.6.11(a))

— No norms have been fixed by the Department towards handling/operational loss on timber, firewood and charcoal from the stage of felling trees to that of final disposal. (Paragraph 6.6.14)

6.6.5 Planning

Under the Seventh Five Year Plan (1985-90), an inventory system was to be developed according to the species and classes based on accurate and systematic data of forest resources. In addition, reports on the regeneration status of commercially valuable species, and the volume of such species according to their size, class, localities, stocking for unit area, age composition etc., were also to be prepared.

* 'Ballies' means logs used for building small houses.

Based on the management plan, inventory results and feasibility of logging operations, the prescribed workable areas in each Division were to be earmarked for logging operations in different years. Territorial Circles are entrusted with afforestation and creation of forest produce.

There are two Divisions of Utilisation Circle viz. (i) Logging Division (ii) Utilisation Division. The work of felling trees and extraction of logs are done by Logging Division, while extraction of firewood, charcoal and conversion of logs into timber and marketing thereof are done by Utilisation Division.

A separate Sub-Division (Minor Forest Produce) was created in 1978 for intensive and effective management of production of minor forest produce. The main work of the Sub-Division is to maintain departmental cardamom fields and to realise Government share of cardamom from the leased out cardamom fields.

6.6.6 Financial performance

(a) Forest receipts realised during the years 1987-88 to 1990-91 vis-a-vis the total non-tax revenue receipts and percentage thereon are given below :

<i>Year</i>	<i>Total forest receipts</i>	<i>Total non-tax revenue</i>	<i>Percentage of forest receipts to the non-tax revenue of the State</i>
<i>(Rupees in lakhs)</i>			
1987-88	105.08	1801.04	6
1988-89	83.06	2288.89	4
1989-90	122.38	2053.70	6
1990-91	111.12	2600.58	4

(b) Revenue receipts and operational expenses in respect of major forest produce viz. timber, charcoal, firewood etc. for the years 1987-88 to 1990-91 were as under:

Year	Estimated receipts	Actual receipts	Operational expenses	Shortfall in receipts with reference to estimates (percentage)	Operational loss i.e. excess of expenditure over receipts
(Rupees in lakhs)					
1987-88	29.59	35.76	46.09	—	10.33
1988-89	31.82	14.75	32.99	17.07(54)	18.24
1989-90	51.07	16.10	36.97	34.97(68)	20.87
1990-91	28.90	22.27	29.00	6.63(23)	6.73

The above information for 1986-87 was not made available to audit. The shortfall in receipts ranged from 23 per cent to 68 per cent during the years 1988-89 to 1990-91. Reasons for such shortfall with reference to the estimates were not on record. The wide variation between the estimate and actual receipts indicated deficiencies in the system of forecasting of receipts.

Moreover, the Department had sustained operational losses ranging from Rs.6.73 lakhs to Rs. 20.87 lakhs during the years 1987-88 to 1990-91 in extraction and sale of forest produce. The operational expenses mentioned above were exclusive of administrative expenditure which, added, would enhance the loss. Despite persistent loss in operation and disposal, the Department had not taken any definite steps to improve/streamline the system of working with a view to making the working of forests economically more viable.

6.6.7 Targets and achievements of main Forest Produce

The Department is required to prepare working plans based on accurate data to ascertain the optimum yield. The estimated yield

and actuals thereagainst in respect of the main items of forest produce were as follows:

(a) Firewood and charcoal

Year	Quantity estimated	Quantity extracted	Shortfall	Percentage of short- fall
(Piles in thousand)				
1987-88 Firewood	6.4	5.49	0.9	14
Charcoal	26.6	15.80	10.8	41
1988-89 Firewood	4.0	3.41	0.59	15
Charcoal	41.0	17.63	23.37	57
1989-90 Firewood	8.5	2.61	5.89	69
Charcoal	27.0	16.34	10.16	38
1990-91 Firewood	5.0	1.94	3.06	61
Charcoal	21.0	10.86	10.14	48

The above information for the year 1986-87 though called for (April-June 1991) was not made available. The shortfalls ranging from 14 to 69 per cent in firewood and 38 to 57 per cent in charcoal remained unchecked. There had also been fall in the absolute production levels of both firewood and charcoal over the years. No steps were taken to find out the reasons for the shortfall and to improve yield.

(b) The Department could not furnish any record showing the actual extraction of timber against the estimated yield of 91325 cft. for the period from 1987-88 to 1990-91.

(c) Cardamom production

Cardamom is an important commercial crop produced mainly through lessees, on forest land earmarked for the purpose. The Department fixed (December 1977) the yield of dry processed cardamom as 120 kg. per acre and 3250 acres (1315.7 hectares) of forest land were earmarked in 1985-86 for cultivation of cardamom. Out of the targeted 3250 acres, only 2802 acres were brought under cultivation. The area departmentally cultivated was 793 acres and that through lessees 2009 acres.

The yield, however, was much below the prescribed norms of 120 kg per acre as shown below:

(i) **Loss on Departmental cultivation of cardamom**

Year	Area covered (in acres)	Estimated yield at the rate of 120 Kg per acre	Actual yield (yield/ acre)	Expendi- ture incurred	Revenue earned	Loss sus- tained
		(In kilogram)			(Rupees in lakhs)	
1987-88	760	91,200	3,401 (4.5)	7.24	1.05	6.19
1988-89	770	92,400	2,491 (3.2)	4.15	0.87	3.28
1989-90	775	93,000	575 (0.7)	5.13	0.26	4.87
1990-91	775	93,000	2,873 (3.7)	5.18	1.48	3.70
Total:		3,69,600 (3.70 lakh kg)	9,340 (3.0)	21.70	3.66	18.04

As against the estimated yield of approximately 3.70 lakh kg of cardamom (as per the norms of 120 kg per acre), the Department could produce only 9,340 kg, resulting in loss of Rs. 152.54 lakhs at the minimum auction rates of the respective years. Though the yield ranging from 0.7 kg to 4.5 kg per acre was far below the norm of 120 kg per acre, the Department did not take effective remedial measures to reverse the low productivity. No reasons were on record for the shortfall in production.

The Department incurred an expenditure of Rs.21.70 lakhs during 1987-91 towards cultivation of cardamom, against which the revenue realised was only Rs.3.66 lakhs, which resulted in a loss of Rs.18.04 lakhs on departmental cultivation.

(ii) **Cultivation of cardamom through lessees**

The Department leased out 2,009 acres of forest land for cultivation of cardamom. As per the directions issued by the Government in August 1986, 25 per cent of the production was to be deposited with the Department towards Government's share. The minimum quantity towards Government's share to be collected was, however, not fixed. During the period from 1986-91 only 5,514 kg of cardamom was realised. As the records indicating the quantity of cardamom produced by the lessees were not mentioned, the actual quantity realisable towards Government share could not be ascertained. However, on the basis of 120 kg per acre fixed for departmental cultivation, minimum production for 1986-87 to 1990-91 should have been 12.05 lakh kg, of which Government's share worked out to 3.01 lakh kg. On this basis, there was a short realisation of 2.96 lakh kg of cardamom valued at Rs.126.72 lakhs at the auction rates of respective years. It was seen that the realisation of Government's share was only 0.5 kg per acre, against the norm of minimum of 15 kg per acre which was in vogue upto November 1979. Though the system proved unworkable continuously over the years, the Department had not taken up the matter with Government for reviewing the norms.

6.6.8 Non-realisation of value of forest produce damaged

Forest land may be utilised by other Departments/authorities for execution of different schemes/projects with prior approval of the Forest Department and Government of India and on payment of the value of forest produce damaged and the cost of compensatory afforestation. During 1983-84 to 1990-91, 425.6 hectares of forest land was diverted to other departments/agencies for implementation of various non-forest schemes. A few instances of damage caused to forest produce and non-realisation of the value thereof are given below:

- (a) During 1984-85 and 1988-89, the Border Road Organisation utilised 21.76 hectares and 46.83 hectares of forest land for construction of roads, and caused damage to forest produce valued at Rs.66.55 lakhs. Accordingly the Department claimed the value of the forest produce damaged in the respective years. Out of this, only Rs. 23.74 lakhs were stated to have been paid, but the receipt/credit thereof into Government account though called for (May 1991) could not be shown to Audit (May 1991).

(b) Similarly, during 1986-87 and 1989-90, the Power Department and the Public Works Department (Roads and Bridges) utilised 11.55 hectares and 2.75 hectares respectively for construction of roads and mini-power projects and caused damage to forest produce valued at Rs.1.07 lakhs. The Department, however, could not realise the amount (June 1991)

Thus, out of the loss of Rs. 67.62 lakhs caused to forest produce, Rs. 43.88 lakhs remained unrealised from the concerned agencies/departments.

6.6.9 Stock

(a) Out of 66,583 ballies†lying in stock as on 30th June 1989, the Department sold 45,693 ballies to different individuals and Departments during July 1989 to October 1990 and as per the stock register 2,800 ballies were rotten. The balance of 18,090 ballies which should have been in stock were, however, not shown in stock. The value of the ballies not so accounted for in the stock worked out to Rs. 2.85 lakhs at the rate of Rs. 15.75 per bally.

(b) Similarly, out of total extraction of 1,12,880 bags of charcoal during the period 1986-87 to 1990-91, the Department disposed of 95,645 bags. However after disposal only 5 bags were shown in stock as against the proper closing stock balance of 17,235 bags. The value of 17,230 bags of charcoal which were not shown in stock worked out to Rs. 6.03 lakhs at the rate of Rs. 35 per bag.

The Department did not initiate any action to investigate the reasons for the above shortage (June 1991).

6.6.10 Loss in yield due to reduction in area of plantation and encroachment

(a) There were 790 acres of land under cardamom plantation in Namok of North district in 1983. The plantation area gradually came down to 500 acres over the period 1986-87 to 1990-91. The abandoned area of 290 acres led to a revenue loss of Rs.29.35 lakhs (based on the value of planted cardamom rhizome of Rs. 10121 per acre). The Department stated (June 1991) that the rhizomes‡ of the

†'Ballies' means logs used for building small houses.

‡'Rhizomes' means underground root-like stems.

area were totally damaged by disease. Remedial measures, if any, taken by the Department to cure and revive the plantation were not on record. Further, no action was taken to recultivate the area which further deprived the Government of a future source of revenue.

(b) In 3 districts (East, West and South) 492.2 acres of forest land yielding forest produce valued at Rs. 9.86 lakhs (as worked out by the Department) was encroached upon by the public during 1986-87 to 1990-91. The absence of adequate check and protective measures led to unauthorised use of forest land and consequential loss of forest produce valued at Rs. 9.86 lakhs. The cases of encroachment are stated to be pending since 1986-87 with the Forest Settlement Court for decision (July 1991).

6.6.11 Disposal of forest produce

Cardamom was sold by the Department by public auction and other products viz. timber, ballies, charcoal etc. were sold at the rates fixed by Government from time to time. A few irregularities noticed during test-check in disposal of forest produce are mentioned below :

(a) The Sikkim Wood Working Centre (a unit of the Department) sold 7,899.61 cft. of timber during April 1986 to February 1987 at pre-revised rates though revised rates had come into effect from 1st April 1986. This resulted in loss of Rs. 1.80 lakhs.

The Management stated (March 1988) that old rates were accepted from individuals where amounts had been deposited prior to the revision of rates. The contention of the Management is not tenable as the rates applicable during the time of delivery are to be applied for realisation of sale proceeds.

(b) During 1986-87 to 1989-90 the Department sold timber (2,620.97 cfts) valued at Rs. 1.28 lakhs to different Government Departments and individuals, but realisation of the amount thereof and credit of the same into Government account were not on record. Similarly, out of the total sale proceeds of Rs. 6.01 lakhs for the period 1989-90 to 1990-91 of the Roleng Saw Mill, only Rs. 4.17 lakhs were realised and deposited into Government account, leaving a balance amount of Rs. 1.84 lakhs unrealised from individuals and

Government Departments till the date of audit (May 1991). Further, a sum Rs. 1.87 lakhs, being the value of 6046 ballies sold during December 1988 to March 1990 to various Government Departments and individuals, also could not be realised by the Department (July 1991). No action had been taken by the Department to effect the recovery of the amount.

6.6.12 Other points of interest

(a) During 1986-87, a sum of Rs. 0.18 lakh received through temporary bank receipts towards earnest money for auction of cardamom was adjusted against the dues of the bidders, but it was not subsequently credited into Government account. Similarly an amount of Rs. 0.69 lakh was realised towards auction money, compensation for illicit felling of trees and unauthorised transportation of timber, but it was not credited into Government account.

(b) During 1988-89, out of an amount of Rs. 2.44 lakhs realised by the Sikkim Wood Working Centre towards sale proceeds of timber, furniture and advances from the parties, an amount of Rs. 1.69 lakhs only was deposited into Government account. The balance of Rs. 0.75 lakh as on 10th March 1989 was neither credited to Government account nor carried over to the subsequent cash book. Thus the amount remained outside Government account since March 1989.

6.6.13 General

(a) As per section 7.1 of the Forest Conservation Act 1980, compensatory afforestation was to be done over degraded forest twice in extent of the area diverted for non-forest purposes. During the period from 1983-84 to 1990-91, total area of 425.617 hectares of forest land was diverted for non-forest purposes, but afforestation work for 245.646 hectares (57.7 per cent) only was done till the end of March 1991. Afforestation work in respect of the remaining 605.588 hectares (142.3 per cent) still remained to be done as of that date.

(b) The Department had not maintained any records to ascertain the number and the standing volume of the trees marked for felling as well as the number of trees felled by the Utilisation Circle for extraction of forest produce, viz. timber, ballies, charcoal, firewood etc.

(c) Declaration of public coupe for issuing trees to public was not on record for the years 1986-87 to 1990-91. Separate account for disposal of trees from the public coupe was also not maintained by the Divisional offices.

(d) Schedule of Rates for sale of forest produce was last revised in September 1986. Though the extraction cost has increased considerably over the period, the schedule of rates has not been revised correspondingly.

6.6.14 **Monitoring and Evaluation**

The Department had not established any machinery to monitor the functioning of the various wings of the Department, to evaluate the working of extraction, disposal etc. of the forest produce. As already mentioned in a preceding paragraph, the minimum quantity towards Government share of cardamom to be collected from the lessees was not fixed to plug the possible leakage of Government revenues. Similarly no norms had been fixed by the Department towards handling/operational loss of timber, firewood and charcoal from the stage of felling trees to final disposal.

The Department had also not framed any specific policy regarding disposal of trees in the forest land diverted for non-forest purposes. Joint inspection in the areas by the departmental officers and the beneficiary Departments to assess the damage to forest produce being caused by such diversion was not being conducted.

No machinery had been established to work out the estimated profits/losses in extraction and disposal of various forest products and to suggest ways and means to safeguard the revenue interests of the Government.

6.6.15 The above points were reported to Government in July 1991, followed up by reminder (January 1992); their replies has not been received (March 1992).

FINANCE DEPARTMENT

6.7 Non-realisation of royalty from contractors' bills

As per the Schedule of Rates effective from 1st September 1986, the Departments of the State Government are required to realise royalty from the contractors' bills on sand and stone chips used by them on the basis of measurements.

During audit of the contractors' bills for the period from 1987 to 1989, it was noticed that Departments had failed to recover royalty amounting to Rs. 14.69 lakhs as per details given below:

Department		Amount
		(Rupees in lakhs)
(i)	Public Works Department (Roads)	8.33
(ii)	Public Works Department (Buildings)	0.76
(iii)	Power Department	2.80
(iv)	Rural Development Department	0.21
(v)	Local Self Government and Housing Department	2.59
Total		<u>14.69</u>

On this being pointed out, the Local Self Government and Housing Department stated (July 1989) that the deduction of royalty was overlooked as the Department was not aware of the notification, and assured that the deduction would be effected in future. The Power Department stated (November 1991) that an amount of Rs. 1.36 lakhs had been recovered. The Public Works Department (Buildings) and the Public Works Department (Roads) reported (October 1991) that the royalty was recovered, but no documents such as transit permits issued by the Forest Department, Bank Receipts etc., could be furnished in support of their contention.

The matter was reported to Government in September 1991; reply had not been received (March 1992).

INCOME TAX DEPARTMENT

6.8 Incorrect application of rates of tax resulting in loss of revenue

According to provisions of the Sikkim State Income Tax Manual 1948, income tax is leviable at 3 per cent per annum on the gross sale proceeds of the previous year.

It was, however, noticed in test-check (October 1989) that in five cases involving gross turnover of Rs. 249.48 lakhs for the assessment years 1986-87 to 1988-89, the Department erroneously levied tax of Rs.2.49 lakhs calculated at 1 per cent of the gross proceeds as against Rs.6.87 lakhs correctly leviable. Incorrect application of the rate of tax resulted in a loss of revenue of Rs.4.38 lakhs.

The matter was reported to the Department in October 1989 and to the Government in September 1991; their replies have not been received (March 1992).

6.9 Non-assessment of income tax

As per provisions of the Sikkim State Income Tax Manual 1948, income tax is to be levied on the gross sale proceeds of the previous year of all persons engaged in business and every person doing business is expected to keep proper account and produce it on demand before the Income Tax Officer who in case of default or in case of unsatisfactory account, will assess tax according to his discretion.

During test-check of records of the Department it was noticed (October 1989) that in respect of 3 assesseees, gross proceeds aggregating Rs. 1367.30 lakhs for the assessment years 1982-83 to 1988-89 were not assessed by the Department resulting in non-realisation of income tax of Rs.40.29 lakhs as shown below:

- (a) An assessee engaged in the business of sale of Tata chassis since November 1989 was never assessed to income tax. As per the records of the Sales Tax Department, the gross proceeds of the assessee for the assessment years 1982-83 to 1988-89 was Rs. 1209.48 lakhs on which tax leviable worked out to Rs.35.84 lakhs.

(b) In the case of another assessee who did not produce books of accounts, the Department served a notice in June 1988 for submission of accounts failing which the assessee would be assessed as per provisions of the Income Tax Manual. However, it was observed that no further action was taken by the Department against the assessee even though he continuously failed to produce his accounts. However, as per records of the Sales Tax Department, the gross proceeds of the assessee for the assessment years 1985-86 and 1986-87 were Rs.81.91 lakhs involving tax amounting to Rs.2.44 lakhs payable by the assessee.

(c) In yet another case an assessee running a cinema theatre was never assessed to income tax. The gross turnover of the assessee for the assessment years 1984-85 to 1987-88 worked out by Audit on the basis of the returns filed by him for amusement tax aggregated Rs. 75.91 lakhs. The income tax leviable on the above proceeds in this case amounted to Rs. 2.01 lakhs.

The cases were reported to the Department in October 1989 and to the Government in September 1991; their replies have not been received (March 1992).

6.10 Evasion of tax due to concealment of turnover

As per provisions of the Sikkim Income Tax Manual 1948 income tax at prescribed rates shall be leviable on the gross sale proceeds of the previous year of the assessee engaged in business.

Scrutiny (August 1990) of the assessment records revealed that sale proceeds declared by 4 assesseees in their income tax returns for the assessment years 1984-85 to 1988-89 were less than the sale proceeds as indicated in their returns for the purpose of sale tax assessment for these assessment years. The total amount of concealed sale proceeds amounted to Rs. 34.54 lakhs resulting in evasion of income

tax to the tune of Rs. 1.05 lakhs as shown below :

<i>Assessee</i>	<i>Assessment Year</i>	<i>Turnover as per sales tax return</i>	<i>Turnover as per income tax return</i>	<i>Amount concealed</i>	<i>Amount of income tax evaded</i>
(Rupees in lakhs)					
I	1985-86	6.75	6.23	0.52	0.02
	1986-87	11.83	7.15	4.68	0.14
	1987-88	29.78	22.79	6.99	0.21
II	1988-89	67.47	59.55	7.92	0.24
III	1984-85	6.34	5.38	0.96	0.03
	1985-86	4.01	4.03	0.78	0.02
	1986-87	3.44	3.31	0.13	+
IV	1983-84	6.22	3.30	2.92	0.07
	1984-85	8.62	3.78	4.84	0.13
	1985-86	15.69	10.91	4.78	0.19
				34.52	1.05

(+ Rs.282 only)

The cases were reported to the Department in August 1990 and to the Government in September 1991; their replies have not been received (March 1992).

6.11 Non-realisation of tax and non-imposition of interest and penal interest

As per the notification issued by Income Tax Department in December 1973 any amount specified as payable in the notice of demand shall be paid within 45 days from the date of issue of the notice failing which simple interest at 12 per cent per annum shall be charged from the date of notice of the demand. The notification further provides that if the payment is not made even after 3 months of its demands, the assessee shall, in addition to the simple interest as above, be liable to pay penal interest at the rate of 20 per cent on the defaulted amount.

In Gangtok, during test-check (October 1989) of the records of Income Tax Department it was noticed that in case of 16 assesseees who defaulted in payment of the tax amounting to Rs.8.72 lakhs, the Department neither initiated any recovery proceedings against them nor levied simple interest and penal interest as per the above notification.

This resulted in tax amounting to Rs. 8.72 lakhs and interest and penal interest amounting to Rs.3.00 lakhs remaining unrealised at the end of August 1991.

The matter was reported to the Government in September 1991; their reply has not been received (March 1992).

6.12 Irregular grant of rebate on income tax

The Sikkim Income Tax Manual 1948, does not provide for any rebate in Income Tax. Based on representations of the petroleum dealers in Sikkim for rebate in income tax, the erstwhile Chogyal of Sikkim had issued an order in July 1969 that petroleum dealers would be given 25 per cent rebate on Income tax.

During test-check of the records of Income Tax Department, Gangtok, it was noticed (October 1989) that in three cases of POL dealers the Department granted rebate of 90 per cent instead of the admissible rate of 25 per cent on the tax assessed for the assessment year 1988-89. This resulted in irregular grant of relief and eventual loss of revenue amounting Rs.2.90 lakhs as shown below :-

Assesseees	Turnover	Tax assessed	Rebate allowed	Rebate admissible	Excess
(Rupees in lakhs)					
I	38.55	1.09	0.98	0.27	0.71
II	79.47 [†]	2.32	2.05	0.57	1.48
III	38.95	1.10	0.99	0.28	0.71
		4.51	4.02	1.12	2.90

([†] includes turnover of Rs.1.28 lakhs on business)

The matter was reported to the Department in October 1989 and to the Government in September 1991; their replies had not been received (March 1992).

6.13 Irregular grant of rebate

The Sikkim State Income Tax Manual 1948 or any subsequent notifications issued thereunder do not provide for any rebate on the Income Tax assessed.

In Gangtok, a test-check (July 1990) of the assessment records of 4 dealers engaged in business of Tata chasis, leather goods, shoes and hardware revealed that the assessing authority while assessing the above dealers for the assessment years 1981-82 to 1987-88, erroneously allowed rebates on income tax on the above items ranging from 20 per cent to 100 per cent. The irregular and unauthorised grant of rebates resulted in loss of income tax amounting to Rs.12.80 lakhs.

The matter was reported to the Department in July 1990 and to the Government in September 1991; their replies had not been received (March 1992).

SALES TAX DEPARTMENT

6.14 Loss of revenue

As per provision of the Sikkim Sales Tax Rules 1983, a dealer who is liable to pay tax is required to furnish security for an amount equal to the estimated tax as being payable by him for one year, for proper custody and payment of tax.

In Gangtok, scrutiny (July 1991) of records of the Sales Tax Department revealed that as on 1st April 1989 arrears of sales tax amounting to Rs.36,452 were outstanding against 10 dealers from whom security was not obtained by the Department. The concerned assessee closed down their business and their whereabouts were not known rendering the amounts irrecoverable.

Thus due to non-observance of rules regarding security, the Department sustained a revenue loss of Rs.36,452.

The matter was reported to the Department in July 1991 and to the Government in September 1991; their replies had not been received (March 1992).

TOURISM DEPARTMENT

6.15 Non-deposit of revenue realised

The Department of Tourism operated one helicopter service from February 1987 to 1st June 1989 and realised an amount of Rs. 28.19 lakhs from sale of tickets in respect of the service from Siliguri (Bagdogra) to Gangtok.

During test-check (November 1989 and June 1991) of records of the Department, it was noticed that out of the amount of Rs.28.19 lakhs realised upto June 1989, a sum of Rs.23.85 lakhs only was credited to Government account leaving an amount of Rs.4.34 lakhs out of Government account as of June 1991.

On this being pointed out (June 1991) the Department stated (June 1990 and June 1991) that the Bank Receipts were being traced out and reconciliation conducted to trace the deposits. Further report has not been received (March 1992).

The matter was reported to the Government in September 1991; reply had not been received (March 1992).

6.16 Non-realisation of rent amounting to Rs. 0.40 lakh

In Gangtok, the Department of Tourism purchased (June 1987) a flat costing Rs.64,187 and hired (June 1987) another room on monthly rent of Rs.867. After furnishing the room at an expenditure of Rs.11,533 these were let out on rent to Indian Airlines Corporation (IAC) at a monthly rent of Rs.642 and Rs.867 respectively from June 1987 onwards for opening tickets counter by that Organisation.

Scrutiny (November 1989) of the records of the Department, however, revealed that the Department had not recovered any rent from the Indian Airlines Corporation upto the end of November 1989.

On this being pointed out (November 1989) in audit the Department realised (March 1991) an amount of Rs.28,938 against a total demand of Rs.69,414 till the end of March 1991. The recovery of the balance amount of Rs 40,476 had not been made (March 1992).

The matter was reported to the Government in September 1991; reply had not been received (March 1992).

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

7.1 General

This section deals with Government companies, statutory corporations and departmentally managed Government commercial/quasi-commercial undertakings in which Government had invested funds. Paragraph 7.2 gives a general view of Government companies, paragraph 7.3 deals with aspects relating to the Statutory corporations and paragraph 7.4 deals with departmentally managed commercial/quasi-commercial undertakings.

7.2 Government companies-general view

7.2.1 There were five Government companies in the State as on 31st March 1991, the audit of which had been taken up by the Comptroller and Auditor General of India at the request of the State Government under Section 20(1) of the Comptroller and Auditor General's (Duties Powers and Conditions of Service) Act, 1971 for the period from 1986-87 to 1990-91.

7.2.2 The statement in *Appendix 13* gives the particulars of up-to-date paid-up capital and outstanding loans, in respect of all Government companies as on 31st March 1991.

The position is summarised below:-

(a) Against the aggregate paid-up capital of Rs. 1,066.54 lakhs as on 31st March 1990 in the five Government companies, the aggregate paid-up capital as on 31st March 1991 stood at Rs.1,109.54 lakhs as detailed below:

Particulars	No. of com- panies	Amount invested by			Total
		State Government	Central Government	Other	
(Rupees in lakhs)					
(i) Companies wholly owned by the State Government	3	353.53	-	-	353.53
(ii) Companies jointly owned by the State Government/others	2	423.78	-	332.23	756.01
	5	777.31	-	332.23	1109.54

(b) The balance of long term loans in respect of five companies as on 31st March 1991 was Rs.1,016.15 lakhs (State Government : Rs.113.52 lakhs and others : Rs.902.63 lakhs) as against Rs.951.35 lakhs (State Government : Rs.48.72 lakhs and others : Rs.902.63 lakhs) outstanding as on 31st March 1990.

7.2.3 Out of five companies, one company viz. Sikkim Livestock Development Corporation Limited was wound up in June 1990 as per Government decision. Finalisation of accounts of this company were in arrears from 1978-79 onwards. Out of the remaining four companies, only one company viz. Sikkim Flour Mills Limited had finalised its accounts for the year 1990-91. Three companies (Sikkim Time Corporation Limited, Sikkim Industrial Development and Investment Corporation Limited and Sikkim Jewels Limited) had finalised their accounts for the year 1989-90.

A synoptic statement showing the financial results of four of these companies based on the latest available accounts is given in *Appendix 14*.

In the absence of finalisation of accounts by these companies, the productivity of investment of Rs.777.31 lakhs could not be conclusively established.

The position of arrears in the finalisation of accounts was last brought to the notice of the State Government in July 1991.

7.3 Statutory corporation-General aspects

7.3.1 As on 31st March 1991, there were three Statutory corporations in the State;

- Sikkim Mining Corporation,
- State Bank of Sikkim, and
- State Trading Corporation of Sikkim.

7.3.2 Sikkim Mining Corporation was established in February 1960, the State Bank of Sikkim in June 1968 and the State Trading Corporation of Sikkim in March 1972 under various proclamations of the erstwhile Chogyal of Sikkim.

Audit of all the three corporations was entrusted to the Comptroller and Auditor General of India under Section 19 (3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for five years from 1984 in respect of State Bank of Sikkim and from 1986-87 in respect of the remaining two corporations as extended from time to time.

State Bank of Sikkim finalised its accounts for the years 1987 and 1988 in October 1991 while the Sikkim Mining Corporation finalised its accounts for the year 1989-90 in March 1991. Separate Audit Reports on the accounts of State Bank of Sikkim for the year 1986 and Sikkim Mining Corporation for 1988-89 were issued in November 1990 and June 1991 respectively. The State Trading Corporation of Sikkim finalised its accounts for 1986-87, separate Audit Report on which was issued in October 1991.

7.3.3 A synoptic statement showing the summarised financial results of the working of these statutory corporations is given in *Appendix 15*.

7.3.4 Sikkim Mining Corporation

7.3.4.1 The paid-up capital of the Corporation as on 31st March 1990 was Rs.94.88 lakhs (contributed by the State Government: Rs.48.34 lakhs and Central Government: Rs. 36.54 lakhs).

The Corporation had also borrowed funds from the State and the Central Government. The amount of loan outstanding as on 31st March 1990 was Rs.94.87 lakhs (State Government: Rs.88.96 lakhs and Central Government : Rs.5.91 lakhs). Interest accrued but not paid on State and Central Government loans was Rs.13.81 lakhs and Rs. 6.22 lakhs respectively.

The financial position of the Corporation at the close of March 1990 is summarised below:

<i>Liabilities</i>		<i>Assets</i>	
	<i>(Rupees in lakhs)</i>		<i>(Rupees in lakhs)</i>
1. Paid-up capital	94.88	1. Net Fixed Assets	51.31
2. Subscription money pending allotment	37.00	2. Cash and Bank balance	27.45

<i>Liabilities</i>		<i>Assets</i>	
	(Rupees in lakhs)		(Rupees in lakhs)
3. Loans and advances	114.91	3. Loans and advances	4.50
4. Other Liabilities	18.78	4. Other Assets	123.94
5. Reserves & Surplus	34.00	5. Profit & Loss Account	92.37
Total :	299.57	Total:	299.57

7.3.4.2 The working results of the Corporation for the year 1989-90 is summarised below:-

	Amount
	(Rupees in lakhs)
1. Total Revenue	56.06
2. Total Expenditure	
(a) Other than interest	59.85
(b) Interest	3.25
Total : 2	63.10
3. Net loss	7.04
4. Capital invested (X)	209.79
5. Capital employed (XX)	110.18

7.3.5 State Bank of Sikkim

The paid-up capital of the Bank as on 31st December 1986 was Rs.20.38 lakhs (State Government : Rs.13 lakhs and others: Rs.7.38 lakhs). The Bank had also borrowed funds from the other schedule Banks from time to time. The amount of loan outstanding at the end of December 1986 was Rs.1913.96 lakhs. The financial position of the

Notes: (X) Capital invested represents paid-up capital plus long term loans plus free reserves.

(XX) Capital employed represents net fixed assets (excluding capital works-in-progress) plus or minus working capital (all figures at the close of the year).

December 1986 is summarised below:

Liabilities		Assets	
(Rupees in lakhs)		(Rupees in lakhs)	
1. Paid-up capital	20.38	1. Cash and Bank balance	1431.25
		(including money at call at short notice)	
2. Reserves & Surplus	7744.00	2. Loans and advances	3769.84
3. Bonds & Debentures	nil	3. Net fixed assets	48.62
4. Borrowings	1913.96	4. Other Assets	233.52
5. Other Liabilities	2774.89		
Total:	5483.23	Total:	5483.23

7.3.5.1 The working results of the Bank for the year ended 31st December 1986 are given below:

		Amount
		(Rupees in lakhs)
1.	Total Revenue	472.73
2.	Total Expenditure	
	(a) Other than interest	81.20
	(b) Interest	227.73
	Total - 2	308.93
3.	Net Profit	163.80
4.	Capital employed	4681.26
5.	Capital invested	2699.34
6.	Total return on	
	—Capital employed (a)	391.53
	—Capital invested (aa)	391.53
7.	Percentage of return on	
	—Capital employed	8.36
	—Capital invested	14.50

(a) Return on capital employed represents net profit plus interest charged to Profit and Loss Account.

(aa) Return on capital invested represents net profit plus interest charged on long term loans.

7.3.6 State Trading Corporaion of Sikkim

The paid-up capital of the Corporation as on 31st March 1987 was Rs.19.00 lakhs (wholly held by the State Government). The Corporation had also borrowed funds from the State Government. The amount of loan outstanding at the end of March 1987 was Rs.8.00 lakhs. Although the loan was due for repayment from October 1981 alongwith interest at a rate of 5.5 per cent per annum, no interest has been paid/provided in the accounts till the close of March 1987. The financial position of the the Corporation at the close of March 1987 is summarised below :

<i>Liabilities</i>		<i>Assets</i>	
<i>(Rupees in lakhs)</i>		<i>(Rupees in lakhs)</i>	
1.	Paid-up capital 19.00	1.	Net Fixed Assets 31.89
2.	Reserves and surplus 108.54	2.	Other Assets,
3.	Loans Fund 8.00		Loans and
4.	Other liabilities 471.04		Advances 574.69
Total 606.58		Total : 606.58	

7.3.6.1 The working results of the Corporation for the year ended 31st March 1987 are given below :

<i>Particulars</i>		<i>Amount</i>
		<i>(Rupees in lakhs)</i>
1.	Total Revenue	212.33
2.	Total Expenditure	
	(a) Other than interest	203.42
	(b) Interest	Nil
	Total - 2	203.42
3.	Net profit	8.91
4.	Capital employed	135.54
5.	Capital invested	135.54
6.	Total return on	
	—Capital employed	8.91
	—Capital invested	8.91
7.	Percentage of return on	
	—Capital employed	6.57
	—Capital invested	6.57

7.4 Departmentally managed Government Commercial/ quasi-commercial undertakings

7.4.1 As on 31st March 1991, there were three departmentally managed undertakings viz. (i) Sikkim Nationalised Transport under the Department of Transport (ii) Sikkim Tea Board under the Industries Department and (iii) Wood Working Centre, Bordang under the Forest Department.

7.4.2 Out of the three departmentally managed commercial undertakings, one undertaking (Sikkim Tea Board) finalised its accounts for the year 1990-91.

7.4.3 A synoptic statement showing the working results of the undertakings based on the latest available accounts is given in *Appendix 16*.

STATE BANK OF SIKKIM

7.5 Loss due to irregular grant of exemption of interest

According to the accepted principles of banking since its inception, the interests on overdrafts was to be compounded on monthly basis. During the test-check it was noticed (April 1990) that the State Bank of Sikkim had not charged any interest in some cases while in respect of a few other cases, the interest was compounded yearly or half-yearly or quarterly. The total loss on account of such irregular exemption of interest aggregated Rs.26.70 lakhs for the years 1987 to 1989 in nine cases as per details below:

(a) The Food and Civil Supplies Department was granted overdraft facility on the guarantee given by the Government. The amount of overdraft varied from time to time and was Rs.20.14 lakhs in January 1987 and Rs.59.25 lakhs in December 1989. The Bank had, however, not charged any interest from the Department on the overdrafts. The loss of interest, compounded monthly, worked out to Rs.16.38 lakhs on the amounts of overdrafts during January 1987 to December 1989.

In reply, the Bank stated (February 1991) that the matter was being taken up with the Government and decision would be intimated.

(b) An Agricultural Co-operative Society at Gangtok was granted overdraft of Rs.6.96 lakhs up to 31st December 1989. No interest was charged by the Bank at any time. The loss of interest was Rs.4.32 lakhs for the period from January 1987 to December 1989.

(c) In respect of seven cases of overdrafts granted by its main branch, the Bank had compounded the interest chargeable on yearly or half-yearly or quarterly basis instead of on monthly basis. As a result, the Bank sustained a loss of Rs.6.00 lakhs for the period from January 1987 to December 1989.

In reply, the Bank stated (February 1991) that compounded interest month-wise had since been charged to the concerned parties as per observation of Audit. Details regarding the amount of interest charged and its recovery, were however awaited (July 1991).

The cases were reported to the Government in July 1991; replies had not been received (March 1992).

7.6 **Loss due to payment of cheques on outstation branches/ bank**

In a test-check in audit it was noticed (April 1990) that during the period from September 1980 to November 1989, the Bank paid Rs.1.18 lakhs to 16 persons against cheques presented by them on outstation branches/bank, as shown below without obtaining any security/surety.

Sl.No.	Paid by	No. of cases	Period	Amount (Rupees)
1.	Gayzing Branch	7 cases	April 1987 to November 1989	23,202†
2.	Melli Branch	4 cases	April 1987 to May 1988	22,420
3.	Rangpo Branch	5 cases	September 1980 to July 1987	72,000
				1,17,622

†One case involving Rs.10,962 related to cheque issued on Syndicate Bank, Delhi.

The amounts, however, had not been realised either from the concerned branches/Bank or from the parties concerned. No interest was also computed/charged by the Bank on the above payments.

Thus, due to erroneous payments, the Bank had sustained a loss of Rs.1.18 lakhs excluding interest.

In reply the Bank stated (February 1991) that the matter was taken up with its branches and realisation would be intimated.

The matter was reported to the Government in July 1991; reply had not been received (March 1992).

**7.7 Unauthorised grant of overdraft facility of
Rs.20.68 lakhs**

The Planning and Finance Department instructed (December 1984) the Bank to allow overdraft upto Rs.3 lakhs to the Sikkim Livestock Development Corporation (SLDC) for which the Government stood guarantor. The guarantee was valid till September 1986 within which the amount of overdraft was to be recovered in full.

During audit it was noticed (April 1990) that as against the guarantee of Rs.3 lakhs, the SLDC was allowed overdrawal of Rs.7.87 lakhs up to December 1986. In addition, a further amount of Rs.6.20 lakhs was allowed as overdraft during 1987 to 1989. No further guarantee was obtained from Government for the above amounts. The entire amount of overdraft of Rs.14.07 lakhs together with interest of Rs.6.61 lakhs accumulated to the end of December 1989 remained unrealised (June 1991).

In reply the Bank stated (February 1991) that as SLDC was a Government undertaking, overdrawals were allowed at the instance of the Government and that the matter had been taken up with the Government. The reply is not tenable as the guarantee of the Government was for Rs.3 lakhs and up to September 1986 only. Chance of recovery of the amount has also become remote with the winding up of SLDC on 15th June 1990.

The matter was reported to the Government in July 1991; their reply had not been received (March 1992).

7.8 Irregular grant of overdraft facility

The State Bank of Sikkim has not evolved any procedure to regulate the grant of overdraft facility. The facility was allowed to the contractor merely on the strength of work orders issued by various Departments of the State Government and other institutions with or without prescribing a limit for overdraft in each case.

During test check it was, however, noticed (April 1990) that overdraft facility was granted either without laying any limit or in excess of the limits as illustrated below:

(a) In four branches of the Bank overdrafts aggregating Rs.140.81 lakhs were granted to 35 individuals without laying any limit as per details below during 1984-89:

Sl.No.	Name of the Branch	No. of cases	Period	Interest 1987 to 1989	Total of overdraft
(Rupees in lakhs)					
(i)	Main Branch	20	1985 to 1989	33.95	103.15
(ii)	Secretariat Branch	10	1985 to 1989	NA	16.45
(iii)	Pakyong Branch	3	1984 to 1989	5.59	14.06
(iv)	Gayzing Branch	2	1984 to 1989	2.30	7.15
		35			140.81

In reply, it was stated by the Bank (February 1991) that being a commercial organisation, its aims and objectives were to lend money and earn profit keeping in view the policies of the State Government, and that in some cases the amounts together with interest were recovered. It was further stated that recovery process was going on and suits were filed under Sikkim Public Demand Recovery Act (SPDR Act) to recover the amount. Grant of further overdrafts had been completely stopped and policy of registered mortgaged of property and security had adopted before allowing overdrafts. The reply and the position of outstanding, however, show that the Bank had not selected the beneficiaries carefully and did not provide for adequate security. As a result, interest from 1987 onwards is outstanding in almost all the above cases. In Pakyong branch overdraft granted in April, September 1984 and April 1986 remained outstanding alongwith interest accrued thereon.

(b) In the following seven branches as against a total prescribed limit of Rs.98.53 lakhs the accumulation of overdrafts and interest in 104 cases was Rs.319.44 lakhs to the end of December 1989.

Sl. No.	Name of the Branch	No. of cases	Total limit of overdraft	Balance as on 31.12.89	Excess
(Rupees in lakhs)					
(i)	Main Branch	70	79.33	183.10	103.77
(ii)	Secretariat Branch	4	1.35	11.97	10.62
(iii)	Ravangla	1	0.20	2.89	2.69
(iv)	Gayzing	13	5.85	45.24	39.39
(v)	M.G. Marg Barnch	6	8.15	33.07	24.92
(vi)	Pakyong	7	2.45	37.95	35.50
(vii)	Soreng	3	1.20	5.22	4.02
		104	98.53	319.44	220.91

It was stated in reply (February 1991) that overdraft in excess of the limits were granted after scrutiny of the financial status of the parties and the excesses were due to accumulation of interest. The overall drawals were stated to have been got approved by the Board.

The reply, however, is not tenable as the overdrafts granted prior to 1987 as well as interest amounts thereon remained unadjusted. Further, accumulated interest also is to be treated as overdraft as the interest is compounded.

In their further reply (August 1991) the management stated that action was taken through legal proceedings and that delay in recovery was due to deteriorated financial condition of the borrowers and death of the borrowers in certain cases.

The matter was reported to the Government in July 1991; their reply had not been received (March 1992).

7.9 Grant of undue benefit of cash credit facility

Cash credit facility is granted normally upto a limit prescribed in each individual case to the firms and companies maintaining current accounts against security of stock/equipment hypothecated/pledged with the Bank.

During test-check it was noticed (April 1990) that cash credit facility was granted to holders of personal/savings accounts and to current account holders without prescribing any limits or in excess of limits as indicated below:

(a) In the following seven branches of the Bank, cash credit facility aggregating Rs.24.63 lakhs was granted where the customers were holders of personal/savings accounts.

<i>Sl. No.</i>	<i>Name of the Branch</i>	<i>No.</i>	<i>Amount of cash credit outstanding of as on 31st December 1989 cases</i>	
<hr/>				
<i>(Rupees in lakhs)</i>				
(i)	Main Branch, Gangtok	18	31.48	(including interest)
(ii)	Ravangla	1	1.60	(including interest)
(iii)	Gayzing	7	2.42	(excluding interest)
(iv)	Melli	5	2.91	(excluding interest)
(v)	Rangpo	2	3.51	(excluding interest)
(vi)	Soreng	4	0.88	(excluding interest)
(vii)	Pakyong	8	1.83	(excluding interest)
<hr/>				
		45	24.63	

In reply it was stated by the Bank (February 1991) that the individual personal account holders came under the purview of current account holders. However, the reply is not tenable as the cash credit facility can be granted only to the current account holders.

(b) In the main branch of the Bank at Gangtok, cash credit facility was granted in 23 cases to firms without laying down any limit and without security by hypothecation/ pledging of stock/ equipment. The accumulated credits as on 31st December 1989 was Rs. 135.61 lakhs including interest of Rs. 36.21 lakhs for the period from January 1987 to December 1989.

(c) In three branches of the Bank, as against a total prescribed limit of Rs. 59.45 lakhs, in 29 cases, the Bank had allowed credit facility of Rs. 269.41 lakhs as shown below :

Sl. No.	Name of the Branch	No. of cases	Limit	Principal	Amount of cash credit			Remarks
					Interest for 1987 to 1989	Total	on Excess	
						31.12.89		
(Rupees in lakhs)								
(i)	Main Branch	18	40.50	109.50	71.66	181.16	140.66	Outstanding
(ii)	Secretariat Branch	4	1.80	NA	NA	12.70	10.90	from
(iii)	M.G. Marg Branch	7	17.15	46.06	29.49	75.55	58.40	periods prior to 1987
		29	59.45			269.41	209.96	

It was stated in reply (February 1991) that outstanding was due to accumulation of interest and that the cash credit facility was granted after hypothecation of goods and machinery and on personal surety. It may be seen from the above statement that even the principal amount of cash credit exceeded the limit and the total amount were not secured by surety. In respect of the seven cases of overdraft granted by the MG Marg Branch, the entire principal amount was lying unadjusted from the date prior to 1987.

The cases were reported to the Government in July 1991, their reply had not been received (March 1992).

SIKKIM JEWELS LIMITED

7.10 Under-utilisation of production capacity

Under the scheme of 'Modernisation' Sikkim Jewels Limited engaged in manufacture of watch jewels and cup imported machinery in September 1988 at a cost of Rs. 88 lakhs to increase the capacity of the jewels manufacturing unit from the existing 66 lakh pieces to 120 lakh pieces per year. Scrutiny of the production accounts, however, revealed (August 1990) that the unit produced 42.15 lakhs watch and cup jewels during 1989-90 as against the expanded capacity of 120 lakhs pieces. Thus the production capacity remained under-utilised by 65 per cent during the year resulting in short production of watch and cup jewels worth Rs. 59.46 lakhs.

The matter was reported to Government in July 1991; their reply had not been received (March 1992).

SIKKIM INDUSTRIAL DEVELOPMENT AND INVESTMENT CORPORATION LIMITED

7.11 Idle investment of Rs. 93.28 lakhs

The Sikkim Industrial Development and Investment Corporation invested a sum of Rs. 93.28 lakhs (being 51.52 per cent of the paid-up capital of Rs. 181.00 lakhs) in a joint venture Company, manufacturing Vanaspati during the period 1985 to December 1988. The Corporation alongwith the Company entered (July 1986) into an agreement with Industrial Development Bank of India (IDBI) and stood guarantor for a loan of Rs. 400 lakhs. The project which was scheduled to be completed by December 1987 was actually established for commercial production of vegetable oil in September 1988. The delay was attributed to delay in transportation of equipment due to road block during GNLF strike in 1987.

The working results of the Company for the period upto December 1988 and from January 1989 to August 1989 revealed (February 1990) that it suffered cash loss amounting to Rs. 1.35 crores (exclusive of depreciation).

The Company stopped production in November 1989 and again resumed operation during February 1990 with a view to utilising

raw materials valuing Rs. 65 lakhs lying at factory site. The Company finally stopped production in March 1990 for want of working capital.

The heavy losses including the closure of factory were attributed by the Corporation to ineptitude management of the Company, gross inefficiency in the purchase of raw material by the Company representative in Calcutta, purchase of packing items i.e. tin containers above the normal existing rates, higher transportation cost for inward and outward carriage and non-utilisation of plant at normal capacity (i.e. 80 per cent).

In reply, the Corporation stated (February 1991) that the State Government was making efforts to revive the unit.

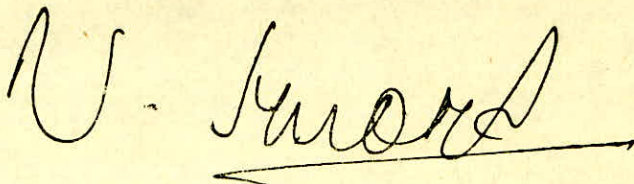
STATE TRADING CORPORATION OF SIKKIM

7.12 Loss of Rs. 0.61 lakh in procurement of cement

The Corporation, on behalf of the Sikkim Public Works Department (SPWD), placed an order (May 1989) on a cement company for supply of 2200 tonnes of cement. As per terms and condition of the order, the company was to replace the quantity clotted or found short, failing which the cost thereof was to be deducted from the bills.

During test-check, it was noticed (March 1991) that the company had supplied 2131.20 tonnes cement during May 1989 to the Corporation godown at Siliguri out of which 2094.75 tonnes was delivered by the Corporation to the SPWD. The balance quantity of 36.45 tonnes was retained as the same was clotted. The fact of clodding was also reported by the handling agent of the company. However, the Corporation made payment of Rs. 29.41 lakhs for the entire quantity of 2131.20 tonnes (Rs. 25.00 lakhs in May 1989 and Rs. 4.41 lakhs in August 1989). No claim was preferred by the Corporation against the company for replacement of 36.45 tonnes of cement found clotted, involving a loss of Rs. 0.61 lakh to the Corporation.

The matter was brought to the notice of the Management in March 1991 and Government in July 1991; their replies had not been received (March 1992).



Gangtok

The

31 JUL 1992

(SWORD VASHUM)

Accountant General, Sikkim

Countersigned



New Delhi

The

118 AUG 1992

(C. G. SOMIAH)

Comptroller and Auditor General of India

APPENDIX I

(Reference: Paragraph 2.2.2; Page No. 37)

Statement showing the grant/appropriation in which supplementary provision proved unnecessary

Sl. No.	Description of the grant/ appropriation	Original grant/ appropriation	Supplementary grant/appro- priation	Saving
(In rupees)				
Revenue-Charged				
1.	10-Interest Payments	11,32,33,000	38,60,000	1,26,88,001
Revenue-Voted				
2.	17-Public Works (Buildings)	9,07,55,000	18,45,000	1,83,95,984
3.	19-Pension and other Retirement Benefits	1,48,50,000	6,00,000	24,69,547
4.	21-Education	22,82,20,000	1,02,20,000	1,38,13,938
5.	25-Water Supply and Sanitation	3,14,25,000	5,20,000	28,21,693
6.	34-Agriculture	5,52,60,000	36,30,000	46,21,739
7.	36-Animal Husbandry	2,88,65,000	2,75,000	15,36,745
8.	43-Rural Development	2,67,50,000	20,00,000	48,29,642
9.	44-Irrigation and Flood Control	3,02,30,000	2,92,000	56,82,943
10.	46-Industries	2,28,05,000	6,35,000	7,59,964
11.	48-Roads and Bridges	9,83,30,000	39,00,000	1,42,41,011
12.	52-Tourism	1,20,45,000	3,44,000	15,65,516
Capital-Charged				
13.	53-Public Debt	3,66,33,000	56,000	41,69,779
Capital-Voted				
14.	17-Public Works (Buildings)	9,18,20,000	60,10,000	74,05,442
15.	46-Industries	4,86,00,000	15,58,000	47,45,948
		92,98,21,000	3,57,45,000	9,97,47,892
<i>In lakhs</i>		9298.21	357.45	997.48

APPENDIX 2

(Reference: Paragraph 2.2.2; Page No. 37)

Statement showing the grant/appropriation for which supplementary provision obtained proved excessive

Sl. No.	Description of grant/ appropriation	Section	Original grant/ appropriation	Supplementary grant/appropriation	Savings
<i>A-Voted</i>			<i>(In rupees)</i>		
1.	2-Council of Minister	Revenue	78,30,000	64,55,000	1,33,779
2.	3-Administration of Justice	„	36,58,000	1,50,000	73,812
3.	5-Income Tax and Sales Tax	„	15,25,000	1,61,000	16,683
4.	7-Stamps and Registration	„	50,000	2,00,000	48,010
5.	8-Excise (Abkari)	„	26,55,000	50,000	28,374
6.	11-Secretariat General Services	„	1,76,80,000	43,50,000	4,87,869
7.	12-District Administration	„	60,57,000	8,00,000	2,53,674
8.	13-Treasury and Accounts Administration	„	66,50,000	4,26,000	3,31,730
9.	14-Police	„	7,37,82,000	43,26,000	14,68,986
10.	15-Jails	„	11,80,000	1,10,000	36,881
11.	16-Stationery and Printing	„	64,65,000	13,50,000	1,999
12.	18-Other Administrative Services	„	1,06,94,000	16,01,000	2,85,519

	1	2	3	4	5
13. 25-Water Supply and Sanitation Capital		7,32,60,000	50,77,000	2,31,858	
14. 28-Social Security and Welfare Revenue		2,13,99,000	28,69,000	5,85,924	
15. 37-Dairy Development	"	24,20,000	4,00,000	49,775	
16. 42-Co-operation	"	78,00,000	3,30,000	30,559	
17. 45-Power	"	6,74,50,000	2,07,40,000	1,35,71,035	
18. 47-Mines and Geology B-Charged	"	25,50,000	1,00,000	94,698	
19. 3-Administration of Justice Revenue		28,75,000	5,80,000	2,60,415	
		31,59,80,000	5,00,75,000	1,79,91,580	
	In lakhs	3159.80	500.75	179.92	

APPENDIX 3

(Reference : Paragraph 2.2.2 ; Page No. 37)

Statement showing grants in which supplementary provision was insufficient

Sl. Description of grant Section Original grant Supplementary grant Excess No.

Voted		(In rupees)		
1.	1-State Legislature Revenue	48,05,000	6,10,000	1,65,501
2.	6-Land Revenue "	49,18,000	2,50,000	46,540
3.	24-Medical and Public Health "	7,13,92,000	66,73,000	12,51,213
4.	27-Information and Publicity "	40,55,000	10,00,000	1,64,836
5.	30-Nutrition "	46,25,000	30,00,000	48,613
6.	31-Relief on Account of Natural Calamities "	52,10,000	24,70,000	6,72,849
7.	39-Forestry and Wildlife "	5,97,85,000	1,01,63,000	8,23,909
8.	41-Food, Storage and Warehousing "	44,30,000	1,50,000	8,958
9.	45-Power Capital	16,15,00,000	39,00,000	12,77,660
		32,07,20,000	2,82,16,000	44,60,079
In lakhs		320.07	282.16	44.60

APPEN

(Reference: Paragraph 2.2.3;

Statement showing excess over the final

Number and name of Grant/ Appropriation	Voted Grant		Charged
	Revenue	Capital	Revenue
1- State Legislature	54,15,000	—	—
6- (Land Revenue)	51,68,000	—	—
23- Art and Culture	74,30,000	—	—
24- Medical and Public Health	7,80,65,000	—	—
26- Urban Development	—	20,00,000	—
27- Information and Publicity	50,55,000	—	—
29- Labour and Labour Welfare	6,35,000	—	—
30- Nutrition	76,25,000	—	—
31- Relief on Account of Natural Calamities	76,80,000	—	—
33- Other Social Services (Ecclesiastical)	32,45,000	—	—
39- Forestry and Wildlife	6,99,48,000	—	—
41- Food Storage and Warehousing	45,80,000	—	—
45- Power	—	16,54,00,000	—
	19,48,46,000	16,74,00,000	—

DIX⁴

Page No. 37)

Grant/Appropriation requiring regularisation

Appropriation

<u>Capital</u>	Total Grant	Actual expenditure	Excess
	(In rupees)		
—	54,15,000	55,80,501	1,65,501
—	51,68,000	52,14,540	46,540
—	74,30,000	74,55,309	25,309
—	7,80,65,000	7,93,16,213	12,51,213
—	20,00,000	20,82,372	82,372
—	50,55,000	52,19,836	1,64,836
—	6,35,000	7,49,815	1,14,815
—	76,25,000	76,73,613	48,613
—	76,80,000	83,52,849	6,72,849
—	32,45,000	32,78,261	33,261
—	6,99,48,000	7,07,71,909	8,23,909
—	45,80,000	45,88,958	8,958
—	16,54,00,000	16,66,77,660	12,77,660
—	36,22,46,000	36,69,61,836	47,15,836

APPEN

(Reference : Paragraph

Injudicious and irregular reappropriation**(a) Cases in which funds were injudiciously withdrawn
an excess over the provision (Original plus supplementary)**

Sl. No.	<i>Grant Number and head of account</i>	<i>Total Grant (original plus supplementary)</i>
1	2	3
		<i>(Rupees)</i>
1.	24-Medical and Public Health	
	2210-Medical and public Health	
	03-Rural Health Services (Allopathy)	
	103-Primary Health Centre	
	(c)-East District	17.35
2.	39-Forestry and Wildlife	
	2406-Forestry and Wildlife	
	102-Social and Farm Forestry	
	1-Farm Forestry	117.00
3.	39-Forestry and Wildlife	
	2406-Forestry and Wildlife	
	02-Environmental Forestry and Wildlife	
	110-Wildlife preservation	
	2-Wildlife sub-district at Jorethang	5.30
4.	50-Other Scientific Research	
	3425-Other Scientific Research	
	60-Others	
	004-Research and Development	30.00
5.	50-Other Scientific Research	
	3435-Ecology and Environment	
	103-Research and Ecological Regeneration	4.00

DIX 5

2.5; Page No. 41)

by reappropriation, although the accounts already showed

<i>Actual expenditure</i>	<i>Excess</i>	<i>Amount withdrawn by reappropriation</i>
4	5	6
<i>in lakhs)</i>		
21.02	3.67	(—)1.00
141.81	24.81	(—)0.30
7.85	2.55	(—)0.75
32.95	2.95	(—)3.00
5.85	1.85	(—)0.40

(b) Cases where funds were withdrawn by reappropriation in excess of the available saving

Sl. No.	Grant Number and Head of Account	Total Grant (original plus supplementary)	Actual expenditure	Actual saving available	Reappropriation (reduction)
1	2	3	4	5	6
1.	21-Education		(Rupees in lakhs)		
	2202-General Education				
	01-Elementary Education				
	052-Equipment	15.00	10.81	4.19	(—)5.24
2.	34-Agriculture				
	2401-Crop Husbandry				
	107-Plant Protection				
	(2)-Plan Health Cover	19.50	15.80	3.70	(—)4.05
3.	34-Agriculture				
	2401-Crop Husbandry				
	109-Extension and Farmers Training				
	(1)-Extension Services	10.90	8.89	2.01	(—)2.30
4.	34-Agriculture				
	2401-Crop Husbandry				
	119-Horticulture and Vegetable Crops				
	800-Other Expenditure	49.75	46.24	3.51	(—)5.82
5.	34-Agriculture				
	4401-Capital Outlay on Crop Husbandry	4.00	3.66	0.34	(—)2.30
6.	35-Soil and Water Conservation				
	2402-Soil and Water Conservation				
	102-Soil Conservation	278.00	250.30	27.70	(—)29.64

1	2	3	4	5	6
7.	36-Animal Husbandry 2403-Animal Husbandry 001-Direction and Administration	18.00	17.00	1.00	(—)2.29
8.	36-Animal Husbandry 2403-Animal Husbandry 102-Cattle and Buffalo Development (i)-Intensive Cattle Development	35.50	33.39	2.11	(—)2.16
9.	39-Forestry and Wildlife 2406-Forestry and Wildlife 102-Social and Farm Forestry II-Plantation Scheme	197.05	191.97	5.08	(—)9.46
10.	39-Forestry and Wildlife 2406-Forestry and Wildlife 02-Environmental Forestry and Wildlife (10)-Development of Fambung Lho Sanctuary	8.00	4.28	3.72	(—)7.66
11.	43-Rural Development 2501-Special Programme for Rural Development 101-Subsidy to Rural Development Agencies	48.00	20.28	27.72	(—)27.93

1	2	3	4	5	6
12.	43-Rural Development 2515-Other Rural Development Programme 101-Panchayat Raj	93.80	84.17	9.63	(—)10.00
13.	45-Power 2801-Power 102-Hydro Electric Schemes	107.80	95.52	12.28	(—)12.41
14.	45-Power 4801-Capital Outlay on Power Projects 05-Transmission and Distribution	480.00	464.55	15.45	(—)15.50
15.	50-Other Scientific Research 3425-Other Scientific Research 200-Assistance to Scientific Bodies	5.00	0.01	4.99	(—)5.00
16.	51-Secretariat Econo- mic Services 3451-Secretariat Economic Services 201-National Sample Survey Organisation	10.00	8.79	1.21	(—)1.22
17.	52-Tourism 3452-Tourism 01-Tourist Infrastructure 101-Tourist Centre II-Minor Works	15.00	13.33	1.67	(—)2.00

1	2	3	4	5	6
18.	52-Tourism				
	3452-Tourism				
	104-Promotion of Publicity	33.99	12.96	21.03	(—)21.26
19.	53-Aid Materials and Equipment				
	6003-Internal Debt of the State Government				
	109-Loans from other Institutions	26.44	13.60	12.84	(—)13.83

(c) Cases of unnecessary augmentation of funds through reappropriation, despite saving under the relevant grant

Sl. No.	Grant Number and Head of Account	Total Grant (original plus supplementary)	Actual expenditure	Actual saving available	Reappropriation (augmentation)
---------	----------------------------------	---	--------------------	-------------------------	--------------------------------

(Rupees in lakhs)

.1	22-Sports and Youth Services				
	2204-Sports and Youth Services				
	104-Sports and Games	24.00	17.23	6.77	(+)2.45
2.	39-Forestry and Wildlife				
	2406-Forestry and Wildlife				
	01-Forestry				
	(3)-Divisional Forest Officer (Scuth)	18.35	16.75	1.60	(+)0.95

- (d) Cases in which funds were injudiciously augmented by reappropriation, more than the amount required to cover the excess of expenditure over the provision (original plus supplementary) which ultimately resulted in savings

Sl. No.	Grant Number and Head of Account	Total Grant (original plus supplementary)	Actual expenditure	Excess	Reappropriation (augmentation)
---------	----------------------------------	---	--------------------	--------	--------------------------------

(Rupees in lakhs)

1. 25-Water Supply and Sanitation

- 4215-Capital Outlay on Water Supply and Sanitation

- 01-Water Supply

102-Rural Water Supply 618.37 637.49 19.12 (+) 21.50

2. 45-Power

- 4801-Capital Outlay on Power Project

06-Rural Electrification 339.00 354.43 15.43 (+) 15.50

APPENDIX 6

(Reference : Paragraph 3.1.6 (b) ; Page No. 50)

Estimated achievement of area and production and fixation of targets for improvement of seeds in farmers' fields

Year	Name of crop	Area (In hectares)	Production (in tonnes)	Procurement
1986-87	Maize	39000	49200	46
	Paddy	16000	17300	51
	Wheat	10200	16500	11
1987-88	Maize	40000	50400	40
	Paddy	16500	19000	45
	Wheat	11200	17700	5
1988-89	Maize	40500	57000	40
	Paddy	18000	18000	50
	Wheat	11600	17800	15
1989-90	Maize	39400	56910	45
	Paddy	19120	22960	63
	Wheat	12110	20270	15
1990-91	Maize	40780	58810	48
	Paddy	18610	25300	70
	Wheat	12950	21600	16

Note: T-Target; A-Achievement
 *Figures within parenthesis represent percentage of achievement with reference to targets.

APPENDIX 7

(Reference : Paragraph 3.8.6 (b) ; Page No. 72)

(a) BCG

Coverage under UIP

Year	East district		South district		West district		North district	
	T	A	T	A	T	A	T	A
1986-87	4900	4846 (99)*	2700	2650 (62)*	2650	812 (31)*	950	982 (103)*
1987-88	4390	5547 (126)	2400	1546 (64)	2375	1085 (46)	835	1235 (148)
1988-89	4390	4429 (101)	2400	1424 (59)	2375	1707 (72)	835	697 (84)
1989-90	4475	4539 (101)	2450	1650 (67)	2420	1938 (80)	855	635 (75)
1990-91	5556	4670 (84)	2828	2719 (96)	2614	2386 (91)	1171	1004 (86)

Number of districts

Achievement in percentage	1986-87	1987-88	1988-89	1989-90	1990-91
Between 26 to 35	West (1)	—	—	—	—
Between 36 to 50	—	West (1)	—	—	—
Between 51 to 70	South (1)	South (1)	South (1)	South (1)	—
Between 71 to 85	—	—	North and West (2)	North and West (2)	East (1)
Above 85	East and North (2)	East and North (2)	East (1)	East (1)	South, West and North (3)

Note: T-Target; A-Achievement

*Figures within parenthesis represent percentage of achievement with reference to targets.

(b) DPT

Coverage under UIP

Year	East district		South district		West district		North district	
	T	A	T	A	T	A	T	A
1986-87	4900	3182 (65) [†]	2700	1556 (58) [†]	2650	1397 (53) [†]	950	603 (64) [†]
1987-88	4390	4669 (106)	2400	1347 (56)	2375	1019 (43)	835	468 (56)
1988-89	4390	3422 (78)	2400	1613 (67)	2375	1601 (67)	835	685 (82)
1989-90	4475	3485 (78)	2450	1727 (71)	2420	1991 (82)	835	729 (35)
1990-91	5556	4555 (82)	2828	2768 (98)	2614	2316 (89)	1171	732 (63)

Number of districts

Achievement in percentage		1986-87	1987-88	1988-89	1989-90	1990-91
Between 36 to 50	—	West (1)	—	—	—	—
Between 51 to 70	East, South, West and North (4)	South and North (2)	South and West (2)	—	—	North (1)
Between 71 to 85	—	—	East and North (2)	East, South and West (3)	—	East (1)
Above 85	—	East (1)	—	North (1)	—	South and West (2)

Note : T-Targets; A-Achievement

[†]Figures within parenthesis represent percentage of achievement with reference to targets.

(c) OPV

Coverage under UIP

Year	East district		West district		South district		North district	
	T	A	T	A	T	A	T	A
1986-87	4900	3028 (62)*	2650	454 (17)*	2700	1271 (47)*	950	435 (46)*
1987-88	4390	4573 (104)	2375	961 (41)	2400	1183 (49)	835	369 (44)
1988-89	4390	3493 (80)	2375	1542 (65)	2400	1640 (68)	835	640 (77)
1989-90	4475	3500 (74)	2420	1959 (81)	2450	1580 (65)	855	691 (81)
1990-91	5556	4015 (72)	2614	2091 (80)	2828	2095 (74)	1171	668 (57)

Number of districts

Achievement in percentage	1986-87	1987-88	1988-89	1989-90	1990-91
Upto 10	—	—	—	—	—
Between 11 to 25	West (1)	—	—	—	—
Between 26 to 35	—	—	—	—	—
Between 36 to 50	South and North (2)	West, South and North (3)	—	—	—
Between 51 to 70	East (1)	—	South and West (2)	South (1)	North (1)
Between 71 to 85	—	—	East and North (2)	East, West and North (3)	West, East and South (3)
Above 85	—	East (1)	—	—	—

Note : T-Targets; A-Achievement

*Figures within parenthesis represent percentage of achievement with reference to targets.

(d) Measles Coverage under UIP								
Year	East district		South district		West district		North district	
	T	A	T	A	T	A	T	A
1986-87	1320	1370 (104)*	720	80 (11)*	710	17 (2)*	250	69 (28)*
1987-88	4390	2383 (54)	2400	168 (71)	2375	445 (19)	835	371 (44)
1988-89	4390	2410 (55)	2400	563 (24)	2375	976 (41)	835	406 (49)
1989-90	4475	2916 (65)	2450	467 (20)	2420	1855 (77)	855	356 (42)
1990-91	5556	3712 (67)	2828	1614 (57)	2614	1605 (61)	1171	660 (56)

Number of districts

Achievement in percentage	1986-87	1987-88	1988-89	1989-90	1990-91
Up to 10	West (1)	South (1)	—	—	—
Between 11 to 25	South (1)	West (1)	South (1)	—	—
Between 26 to 35	North (1)	—	—	South (1)	—
Between 36 to 50	—	North (1)	West and North (2)	North (1)	—
Between 51 to 70	—	East (1)	East (1)	East (1)	East, South, North and West (4)
Between 71 to 85	—	—	—	West (1)	—
Above 85	East (1)	—	—	—	—

Note : T-Targets ; A-Achievement

*Figures within parenthesis represents percentage of achievement with reference to targets.

(e) T. T (Pregnant Women) Coverage under UIP

Year	East district		West district		South district		North district	
	T	A	T	A	T	A	T	A
1986-87	5270	1879 (36) [†]	2850	750 (26) [†]	2880	802 (28) [†]	1000	258 (26) [†]
1987-88	5700	2007 (35)	3090	612 (20)	3120	846 (27)	1090	299 (27)
1988-89	5700	2478 (44)	3090	806 (26)	3120	987 (32)	1090	286 (26)
1989-90	5840	2559 (44)	3190	1306 (41)	3190	913 (29)	1110	270 (24)
1990-91	6131	3122 (51)	2885	1146 (40)	3120	1123 (36)	1292	263 (20)

Number of districts

Achievement in percentage	1986-87	1987-88	1988-89	1989-90	1990-91
Up to 10	—	—	—	—	—
Between 11 to 25	—	West (1)	—	North (1)	North (1)
Between 26 to 35	West, South and North (3)	South and North (2)	South, West and North (3)	South (1)	—
Between 36 to 50	East (1)	East (1)	East (1)	East and West (2)	South and West (2)
Between 51 to 70	—	—	—	—	East (1)
Between 71 to 85	—	—	—	—	—
Above 85	—	—	—	—	—

Note : T-Targets; A-Achievement

[†]Figures within parenthesis represents percentage of achievement with reference to targets.

APPENDIX 8

(Reference : Paragraph 3.8.6(c); Page No. 72)

Results of Vaccination Coverage Assessment Survey

Vaccine	Percentage as per annual return	Coverage as per VCA survey	Disparity
(a) East District (excluding UFWC, Gangtok) (Year: 1986-87)			
BCG	100	50	(+)50
DPT	68	42	(+)26
OPV	63	42	(+)21
Measles	29	36	(-)7
TT(PW)	31	17	(+)14
(b) Urban Family Welfare Centre, Gangtok (Year : 1987-88)			
BCG	198 ⁺	82	(+)18
DPT	143 ⁺	73	(+)27
OPV	143 ⁺	73	(+)27
Measles	38	49	(-)11
TT(PW)	56	68	(-)12
(c) West District (Year : 1987-88)			
BCG	46	27	(+)19
DPT	43	25	(+)19
OPV	41	25	(+)16
Measles	19	16	(+)3
TT(PW)	20	27	(-)7
(d) South District (Year: 1987-88)			
BCG	64	34	(+)30
DPT	56	32	(+)24
OPV	49	29	(+)20
Measles	7	8	(-)1
TT (PW)	27	26	(+)1

⁺ Actual coverage cannot be more than cent per cent. However, due to lower target or children from rural areas getting vaccinated in the suburbs, the coverage turned out to be more than cent per cent.

APPEN

The area covered under UIP and equipment
(Reference: Paragraph 3.8.7 (a) ;

Year	Area covered under UIP	Equipment	Quantity supplied
1986-87	East District (including UFWC, Gangtok)	ILR	5
1987-88	North, South and West Districts	ILR	13
		Deep Freezer	1
		Refrigerators	5
1988-89	—	—	—
1989-90	—	Chest Freezers 140 litres	4
1990-91	—	ILR Chest freezer 140 litres	1 1 1

DIX 9
supplied to the Hospitals and PHCs
Page No. 74)

<i>Distributed to hospitals and PHCs</i>	<i>Remarks</i>
District Hospital-1 no.; PHC of East District-4 nos.	No supply of equipment to 2 PHCs (Rongli and Samdong) of East District.
3 PHCs of North District-3 nos.	One ILR and one refrigerator of Parzingdorej PHC (North) was installed at District Hospital, Mangan. However, all 14 PHCs of North, South and West Districts were provided either with ILR or refrigerator. District Hospitals, Namchi (South) and Mangan (North) were not provided with ILR/freezer.
5 PHCs of South District-5 nos.	
4 PHCs of West District-4 nos.	
UFWC - 1 no.	
District Hospital (West)-1 no.	
2 PHCs of West District-2 nos.	
Additional for 3 PHCs of North District-3 nos.	
Additional freezer to	
2 PHCs of West District-3 nos.	Deep freezer of District Hospital, Geyzing transferred to District Hospital, Namchi, Rongli and Samdong PHCs of East was provided. One ILR of Mangalbarey PHC of West was used in District Hospital, Geyzing.
1 PHC of East District-1 no.	
Rongli PHC-1 no.	
District Hospital, Namchi-1 no.	

APPEN
Utilisation
(Reference : Paragraph

Year	DPT			OPV			
	D	I	P	D	I	P	D
1986-87	44.0	25.9	59	38.1	22.3	59	45.6
1987-88	38.3	29.4	77	41.9	28.2	67	24.8
1988-89	45.2	33.7	75	55.2	28.3	51	55.2
1989-90	47.5	32.9	63	74.1	31.8	43	36.9
1990-91	58.9	40.5	69	87.1	36.9	42	36.2
	233.9	162.4	69	296.4	147.5	50	198.7

(D—Number of Doses utilised; I — Number of vaccinations done;

Notes: Under DPT and OPV, three doses given to infants below 1 taken into account. For TT vaccines, 2 doses of TT and Booster dose dren aged 10 years and 16 years have been taken into account. For above 1 year have been considered.

DIX 10

of vaccines

3.8.7(b) (iii) ; Page No. 77)

TT			Measles			BCG	
I	P	D	I	P	D	I	P
(Doses in thousands)							
18.0	40	2.8	1.5	54	25.1	8.3	33
19.3	78	8.5	3.4	40	18.1	9.4	52
30.0	54	10.3	4.6	45	20.0	8.3	42
27.3	74	14.9	6.0	40	20.0	8.8	44
28.8	77	11.5	8.0	70	27.1	11.6	43
123.4	62	48.0	23.5	49	110.3	46.4	42

P—Percentage of utilisation)

year and above 1 year and Booster given to infants above 1 year have been given to pregnant women and 1st, 2nd and Booster dose given to chil-
 Measles and BCG vaccines, vaccines given to infants below 1 year and

Delay in execution—cost overrun

<i>Name of the work</i>	<i>Year of sanction</i>	<i>Value/estimate</i>	<i>Value at which completed</i>	<i>Due date of completion</i>
<i>(Rupees in lakhs)</i>				
1. SFB over Reshi Khola	1982-83	1.68	1.98	31.1.83
2. SFB over Real Khola	1980-81	5.54	6.37	15.11.84
3. SFB over Kali Khola	1984-85	1.36	2.22	20.8.85
4. SFB over Rangli Khola	1985-86	2.40	2.77	20.6.86
5. SFB over Chusay Khola	1987-88	4.32	4.38	24.11.88
6. SFB over Richer Khola	1987-88	2.47	2.69	2.8.88
7. Steel Bridge over Gaulthaley Khola	1987-88	1.14	1.21	10.6.88
8. Steel Bridge over Kakche Khola	1987-88	1.47	1.55	11.4.88
9. SFB over Teesta river at Lachen	1984-85	5.53	8.04	23.11.85
10. SFB over Rani Khola	1985-86	0.90	1.00	3.3.86
11. Steel Bridge over Simphok Khola	1987-88	1.39	1.49	30.6.88
12. Steel Bridge over Balasaj Khola	1987-88	1.05	1.21	5.6.88
13. SFB over Sona Khola	1984-85	1.39	2.51	10.2.86
14. SFB over Teesta at Togu	1982-83	3.52	4.07	4.6.84

DIX II

(Reference : Paragraph 4.1.8(c); Page No. 89)

Actual date of completion	Delayed by	Cost over- run	
Y-M-D (Rupees in lakhs)			
21.2.86	2.0.21	0.30	
23.8.87	2.10.9	0.83	
31.12.86	1.4.11	0.78	Rs. 7698 was for additional works.
30.4.87	0.10.9	0.37	
27.3.89	0.4.4	0.26*	*Total cost overrun was Rs.26,006.60 of which Rs. 20,267.22 was adjusted towards cost overrun.
25.5.89	0.9.24	0.22	
31.8.89	1.2.21	0.07	
18.8.89	1.4.7	0.17*	*Rs 0.08 lakh being saving in some item was adjusted against cost overrun.
25.4.89	3.5.1	2.26*	*The estimate had to be revised to accommodate cost overrun of Rs.2.26 lakhs due to delay.
25.5.88	2.2.25	0.10	
2.1.89	0.6.3	0.10	
9.1.90	1.7.5	0.16	
31.10.86	0.8.21	0.60*	*The estimate was revised to ac- commodate cost overrun by Rs.0.60 lakh.
30.9.85	1.1.5	0.55	
		<u>6.77</u>	

APPEN

Over payment on carriage and
(Reference: Paragraph

Name of work

Item of which Amount
paid (carriage) Rs.

1.	Steel bridge over Nessa Khola	stone	0.12 lakh
2.	SFB at Perekchu Khola	stone	0.16 lakh
3.	SFB at Perekchu Khola (reconstructed in 1989-90)	stone	0.29 lakh

DIX 12
consumption of materials
4.1.8(e); Page No.90)

<i>Carriage admissible as per estimate</i>			
<i>Quantity</i>	<i>Rate</i>	<i>Amount Rs</i>	<i>Excess paid Rs.</i>
72.75 cu.m	Rs. 43 per cu.m	0.03 lakh	0.09 lakh
589.47 cu.m	Rs. 194 per cu.m	0.11 lakh	0.05 lakh
NIL	NIL	NIL	0.29 lakh
			<u>0.43 lakh</u>

APPEN

(Reference : Paragraph
Statement showing particulars of
working results etc. of companies

Sl No.	Name of the Company	Paid-up capital at the end of the		
		State Government	Central Government	Others
1.	Sikkim Jewels Limited	67.28	—	5.43
2.	Sikkim Livestock Development Corporation Limited	33.00	—	—
3.	Sikkim Time Corporation	233.00	—	—
4.	Sikkim Industrial Development and Investment Corporation Limited	356.50	—	326.80
5.	Sikkim Flour Mills Limited	87.53	—	—
Total :		777.31	—	332.23

DIX 13

7.2.2; Page No. 130)

paid-up capital, outstanding loans,
as on 31st March 1991.

<u>current year</u>	Long term	Amount of
Total	loans at the end of the current year	guarantee given
(Rupees in lakhs)		
72.71	99.75	Nil
33.00	—	Nil
233.00	75.00	Nil
683.30	830.50	Nil
87.53	10.90	Nil
1109.54	1016.15	Nil

APPEN

(Reference : Paragraph
Summarised Financial Results
(Figures in columns

Sl. No.	Name of the Company	Date of incorporation	Year of accounts	Authorised share capital	Paid-up capital	Capital invested	Profit (+) / Loss (-)
1	2	3	4	5	6	7	8
1.	Sikkim Industrial Development and Investment Corporation Limited	March 1977	1989-90	1000.00	683.30	1563.39	(-) 2.55
2.	Sikkim Flour Mills Limited	June 1980	1990-91	200.00	87.53	98.43	(-) 8.38
3.	Sikkim Time Corporation Limited	October 1976	1989-90	400.00	233.00	495.62	(+) 63.08
4.	Sikkim Jewels Limited	July 1972	1989-90	200.00	72.71	215.07	(+) 6.64

DIX 14

7.2.3 ; Page No. 131)

of the Working of companies

5 to 13 are rupees in lakhs)

Total interest charged to P&L Account	Interest charged on long term loans	Total return on capi- tal invested (8+10)	Capital employed	Total return on capital employed (8+9)	Percentage of return on capital invested	Percentage of return on capital employed
9	10	11	12	13	14	15
41.84	41.84	39.29	1368.74	39.29	2.51	2.87
0.61	0.61	(—) 7.77	90.57	(—) 7.77		
9.38	9.38	72.46	532.29	72.46	14.62	13.61
3.63	3.63	10.27	65.69	10.27	4.78	15.63

APPEN

(Reference : Paragraph

Summarised Financial Results of the

(Figures in columns 5 to

<i>Sl. No.</i>	<i>Name of the Corporation</i>	<i>Date of incorporation</i>	<i>Year of accounts</i>	<i>Authorised capital</i>	<i>Paid-up capital</i>	<i>Total capital invested</i>
1	2	3	4	5	6	7
1.	Sikkim Mining Corporation	February 1960	1989-90	100.00	94.88	209.79
2.	State Bank of Sikkim	June 1968	1986	100.00	20.38	2699.34
3.	State Trading Corporation of Sikkim	March 1972	1986-87	400.00	19.00	135.54

DIX 15

7.3.3; Page No. 132)

Working of Statutory corporations

13 are rupees in lakhs)

Pro- fit (+) Loss (—)	Total interest charged to profit and loss account	Interest on long term loan	Total return on ca- pital invested (8+10)	Capital emplo- yed	Total return on capi- tal em- ployed (8+9)	Percen- tage of return on ca- pital inves- ted	Percen- tage of return on ca- pital emplo- yed
8	9	10	11	12	13	14	15
(—)7.04	3.25	3.25	(—)3.79	110.18	(—)3.79	—	—
(+)163.80	227.73	227.73	391.53	4681.26	391.53	14.50	8.36
(+) 8.91	—	—	8.91	135.54	8.91	6.57	6.57

APPEN

(Reference: Paragraph

Summarised Financial Results of the working of

(Figures in columns 5 to

<i>Sl. No.</i>	<i>Name of the undertaking</i>	<i>Date of incorporation</i>	<i>Year of accounts</i>	<i>Mean* capital</i>
1	2	3	4	5
1	Sikkim Nationalised Transport	1955-56	1989-90	1470.24
2	Sikkim Tea Board	June 1974	1990-91	30.94
3	Wood Working Centre	January 1984	1985-86	26.68
*Mean Capital represents the average of opening				

DIX 16

7.4.3; Page No. 136)

Departmentally managed undertakings

8 are rupees in lakhs)

<i>Profit (+)/ Loss (-)</i>	<i>Total interest on Government loan/capital</i>	<i>Total return</i>	<i>Percentage of return on mean capital</i>
6	7	8	9
(—) 123.97	Not provided	(—) 123.97	—
(+) 86.73	—	(+) 86.73	—
(—) 4.26	Not provided	(—) 4.26	—

and closing balance of capital fund.

Errata to Report of the Comptroller and Auditor General
of India for the year ended 31st March 1991 - Government
of Sikkim

Page No.	Line	For	Read
1	2	3	4
(iii)	14th from top	Undertkaings	Undertakings
2	1st from top	Summaised	Summarised
23	4th from bottom	he	the
32	2nd from top	Goveinment	Government
34	15th from top	consituted	constituted
37	14th from top	he	the
40	3rd from bottom	eappropriated	reappropriated
40	2nd from bottom	dive ted	diverted
42	1st from bottom	Service	Services
46	11th from bottom	cultvation	cultivation
48	21st from top	unfavouarble	unfavourable
53	1st from bottom	poroduction	production
63	1st from bottom	hoterer	however
63	2nd from bottom	stared	started
73	10th from top	UFCW	UFWC
80	1st from bottom	shartfalls	shortfalls
81	4th from top	upervisory	supervisory
81	5th from top	supervies	supervise
81	7th from top	sub-cetres	sub-centres
85	9th from bottom	which reconstructed	which are reconstructed
103	8th from bottom	constractors	contractors
106	6th from bottom	18.73	8.73
106	4th from bottom	(+) 615.38	(+) 615.68
109	11th from top	invesment	investment
110	13th from top	Co-poration	Corporation
125	4th from top	ro	no
125	14th from top	lhis	this
125	22nd from top	esengaged	engaged
125	8th from bottom	ates	rates
131	10th from bottom	Corporation	Corporations
136	11th from top	he	the
141	12th from top	peronal	personal
141	12th from bottom	31.48	11.48
146	7th from top	1987-a8	1987-88

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