



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
Economic, Revenue and General Sectors
for the year ended March 2019**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



GOVERNMENT OF SIKKIM
Report No 2 of 2021

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Comptroller and Auditor General of India
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Economic, Revenue and General Sectors
for the year ended March 2019**

Government of Sikkim

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PREFACE

1. This Report for the year ended March 2019 has been prepared for submission to the Governor of Sikkim under Article 151 of the Constitution of India.
2. The Report contains significant results of the performance audit and compliance audit of the departments of the Government of Sikkim. It covers the Economic, Revenue and General Sectors including the departments of Roads and Bridges; Finance (Commercial Taxes Division); Excise; Tourism and Civil Aviation; Public Health Engineering; Labour (Sikkim Building and Other Construction Workers' Welfare Board); and Sikkim Police. It also covers public sector undertakings, viz. Namchi Smart City Limited and Sikkim Scheduled Castes, Scheduled Tribes and Other Backward Classes Development Corporation Limited.
3. The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2018-19 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2018-19 have also been included, wherever necessary.
4. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Audit Report consists of six chapters. Chapters II to V deal with Economic, Public Sector Undertakings, Revenue and General Sectors and Chapter I and Chapter VI deal with Introduction and Follow up of Audit observations respectively.

This Report contains one Performance Audit and seven Compliance Audit Paragraphs besides the introductory chapters. The Performance Audit and Compliance Audit Paragraphs were sent to the Secretaries of the Departments concerned by the Principal Accountant General (Audit) with request to furnish replies within six weeks. Replies received have been suitably incorporated in the Report.

ECONOMIC SECTOR

The Chapter on Economic Sector consists of one Performance Audit on **‘Development and Maintenance of Highways and Other Roads in Sikkim’** and two Compliance Audit Paragraphs.

PERFORMANCE AUDIT

Development and Maintenance of Highways and Other Roads in Sikkim

The Performance Audit on **“Development and Maintenance of Highways and Other Roads in Sikkim”** revealed that the Roads and Bridges Department (RBD) needed to improve its functioning and efficiency to create a well-developed network of roads, bridges for improved productivity and economic efficiency of transport sector in the State. Out of 227 projects which were either ongoing or completed during the period 2014-19, 142 projects (sanctioned cost of ₹ 2,176.43 crore) were sanctioned during this period of which only 25 were completed and 117 works were ongoing with expenditure incurred of ₹ 750.74 crore.

Policy and Planning

- In the absence of an overall State Road Policy and perspective plan, there was no prioritisation of highways and other road development works, resulting in *ad hoc* allocation of resources thereon.

(Paragraph 2.3.8.1)

- The Department had not revised the Schedule of Rates since 2012 and the DPR and estimates were prepared providing an *ad hoc* escalation provision of 7.5 per cent per annum.

(Paragraph 2.3.8.2)

Financial Management

- Against an overall budget of ₹ 1,823.29 crore during the period, the Department spent ₹ 1380.23 crore with savings ranging from 20.3 per cent in 2014-15 to 52.2 per cent in 2016-17. The savings under Capital head of expenditure ranged from 65.4 per cent (2016-17) to 14.5 per cent (2018-19), which indicated that

resources earmarked for creation of permanent assets as well as for maintenance of roads were not fully utilised.

(Paragraph 2.3.9)

Project Execution

- During the period 2014-15 to 2018-19, out of 227 projects (142 projects sanctioned during 2014-19 and 85 projects brought forward of prior period), the Department completed 49 projects involving 278.45 km (New: 28.52 km and Upgradation: 249.93 km). The large number of on-going projects showed that the Department had overstretched its own financial resources, not adhered to its commitment and engaged with contractors, who were not in a position to deliver outcomes in time. In the 178 ongoing projects, the Department was unable to furnish the quantum of work completed in km.

(Paragraphs 2.3.10.1 and 2.3.11)

- Projects were consistently delayed in violation of codal provision. Out of 49 completed projects (18 funded by GoI, 22 by State Funds and nine from Borrowed Funds) only seven projects (14 *per cent*) were completed in time (during 2014-19), remaining 42 projects were completed after recording delays of one to 16 years and out of 178 on-going projects, scheduled dates of completion were not recorded in respect of 48 projects and 108 projects had crossed the scheduled date of completion by one to 10 years as of March 2019. Time extension in 15 out of 62 projects selected in audit was sought after expiry of scheduled date of completion. Delays in completion of projects led to cost escalation and extra financial burden on the State.

(Paragraph 2.3.10.2)

- RBD had not conducted any traffic surveys to determine the width, thickness of crust and pavement conditions of roads and technical sanctions given were not in keeping with technical norms prescribed by IRC.

(Paragraph 2.3.10.3)

- Survey and investigation work was not done, in majority of the works resulting in frequent changes in scope of work and consequent revisions increasing cost of works. For connecting rural hamlets under the programme for “Construction of Fair Weather Roads”, involving 780 works for 1664.42 km at a tendered cost of ₹ 826.39 crore, the Department prepared uniform estimates of ₹ 49.80 lakh per km without any reference to actual site conditions.

(Paragraph 2.3.10.3.1)

- RBD gave insufficient publicity to tenders in 38 out of 62 selected projects having sanctioned cost of more than ₹ three crore and e-tendering was not done despite mandatory provision thereby, compromising transparency and competition in tenders.

(Paragraph 2.3.10.4.1)

- Projects were split amongst various bidders for ostensible reason of expeditious completion of projects.

(Paragraph 2.3.10.4.2)

- The Department incurred extra avoidable expenditure of ₹ 7.03 crore in eight projects by including WBM III for road base when it was not required. Changes were made in scope of a major upgradation work (*Up-gradation, strengthening and improvement of Pakyong-Chalamthang-Mamring-Tarethang-Rorathang Road*) from single to intermediate lane on the basis of ‘verbal instructions from NEC’ without approval of competent authority (Cabinet) incurring additional financial burden of ₹33.32 crore.

{Paragraphs 2.3.10.5.1 and 2.3.10.5.2(i)}

- The Department incurred an avoidable excess expenditure of ₹ 64.69 crore on surface up gradation for an item of work (*Upgradation, carpeting of Namchi-Phong-Mamring Road, South Sikkim*) which had already been executed earlier and again met from NABARD-NIDA borrowings.

{Paragraph 2.3.10.5.2(ii)}

Quality and Monitoring Mechanism

- Monthly Progress Reports submitted by Divisions were incomplete and did not provide up-to-date status of works for effective monitoring.

{Paragraph 2.3.10.6.1 (ii)}

- The RBD did not conduct periodical surveys resulting in encroachments near the roads in road reserve areas.

{Paragraph 2.3.10.6.1 (iv)}

- The Quality Control laboratory set up by the Department did not conduct any test of materials used at site since 2015-2016, and hence there is no assurance on the quality and strength of the materials used by contractors in 62 projects.

{Paragraph 2.3.10.6.2 (i)}

Recommendations

- *State Road Policy and Perspective Plan may be framed without further delay, for effective long term planning for construction and maintenance of roads and optimum utilisation of available resources.*
- *Considering the large number of projects taken up without any planning and a substantial number of them being incomplete, the State may prioritise these projects for completion rather than taking up any new projects.*
- *The SOR 2012 requires revision, on priority, especially after introduction of GST, to ensure a sound benchmark for preparing realistic work estimates and to avoid arbitrary cost escalations in works.*
- *The Department may utilise their budget efficiently, especially under Capital section in the interest of long term asset creation in the State. Besides, the*

allocation under maintenance head should be augmented and used judiciously for the intended purpose. Close monitoring of the budgetary process is required to avoid unnecessary supplementary provisions and savings.

- *In order to frame realistic estimates to determine road width, crust thickness and pavement quality of road works, RBD may conduct road traffic survey/census. Besides, the estimates should be based on actual site attributes, rather than being uniform for the entire State as being done in case of Fair Weather Roads.*
- *Estimates should be prepared after proper Survey and Investigation Work, to avoid arbitrariness, change in scope of work and avoidable cost escalation.*
- *In order to ensure transparency, competition and fair play in selection of contractors, NITs should be given adequate publicity as mandated under SPW Manual, including e-tendering.*
- *Responsibility should be fixed for non-imposition of penalty on contractors for delays in completion of works attributable to contractors as well as payment of Mobilisation Advance (MA) against provisions and sincere efforts made to realize the balance MA. Similarly, detailed investigation may be carried out in cases where undue advantage was given to contractors and estimates were changed arbitrarily.*
- *In order to ensure the quality of projects executed by the Department, the internal monitoring mechanism needs to be strengthened by proper documentation and by ensuring regular inspections by supervisory officers. Periodic review of projects needs to be intensified for ensuring timely completion of projects.*
- *The Department may also maintain kilometre-wise status of physical progress of works for better monitoring.*
- *The Government/ Department may consider five years' maintenance of roads proposed for construction, being embedded in the Request for Proposal (RFP) and estimates itself, as prevalent in Ministry of Road Transport and Highways, Government of India, for National Highways.*
- *Adequate quality checks should be ensured for materials brought to site and the Quality Control Laboratory at Tadong, Gangtok, be utilised for conducting such tests.*

COMPLIANCE AUDIT

- **Public Health Engineering Department delayed land acquisition proceedings resulting in avoidable extra expenditure of ₹ 1.82 crore on land cost for the sewerage plant project at Rangpo.**

Recommendation:

The State Government may fix responsibility for lapses in land acquisition and resultant extra expenditure.

(Paragraph 2.4)

- The Tourism and Civil Aviation Department delayed timely completion of work “Widening and Strengthening of Ranka-Sajong Road and providing Wayside Amenities along Road in East Sikkim” under ADB funded project. They did not penalise the contractor as per terms and condition of Contract, depriving the public of intended benefit of the work and created a liability of ₹ 6.65 crore on the State exchequer on account of the re-awarded work.

Recommendation

The State Government may conduct an enquiry in this case to fix responsibility for the deficiencies noticed and the release of entire payment to the contractor, without imposing any penalty on the agency.

(Paragraph 2.5)

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

As on 31 March 2019, the State of Sikkim had 16 working PSUs (12 working Government Companies and four working Statutory Corporations) under the audit purview of the Comptroller and Auditor General of India (CAG). During 2018-19, the investment of the State Government (capital and long-term loans) in 16 PSUs amounted to ₹ 48.21 crore consisting of 95.79 per cent (₹ 46.18 crore) towards capital and 4.21 per cent (₹ 2.03 crore) towards long term loans.

(Paragraphs 3.1.1 and 3.1.2.1)

As on 30 September 2019, 22 accounts of 12 PSUs had not been finalised. The highest pendency of six accounts pertained to ‘Sikkim Livestock Processing and Development Corporation Limited’, which had not finalised its accounts since 2012-13.

(Paragraph 3.1.6)

The State’s budgetary support to PSUs increased from ₹ 0.11 crore (2016-17) to ₹ 16.81 crore (2018-19) during the period from 2016-17 to 2018-19. As per the information furnished by the PSUs, during 2018-19 the State Government infused equity amounting to ₹ 6.02 crore in two PSUs namely Namchi Smart City Limited (NSCL) and Sikkim Power Development Corporation Limited (SPDC).

(Paragraph 3.1.4)

As per the latest finalised accounts of PSUs as on 30 September 2019, the aggregate paid-up capital and accumulated losses of 16 working PSUs were ₹ 3,693.83 crore and ₹ 2,089.94 crore respectively, which included accumulated losses (₹ 5.53 crore) of four PSUs, where capital had completely eroded.

(Paragraphs 3.1.8.1 and 3.1.8.2)

The Chapter on Economic Sector (Public Sector Undertakings) consists of two Compliance Audit Paragraphs.

COMPLIANCE AUDIT

- Namchi Smart City Limited imposed financial burden on itself by not incorporating the enabling clause in the work contracts for levy of interest of ₹ 2.56 crore on Mobilisation Advance given to contractors.

Recommendation:

The Company/ Government may issue instructions to all the implementing departments for inclusion of an interest bearing clause for mobilisation advance in all works contract agreements.

(Paragraph 3.2)

- The Sikkim Scheduled Castes, Scheduled Tribes and Other Backward Classes Development Corporation Limited irregularly incurred an expenditure of ₹ 15.99 lakh on (i) a foreign study tour (₹ 9.11 lakh) for “South East Asian Models of Infrastructures Developed in Singapore, Kuala Lumpur and Bangkok” arranged by a private agency with doubtful credentials and (ii) on foreign sight-seeing tour (₹ 6.88 lakh) of Chairperson of the Corporation.

Recommendation:

The Government may verify the credentials of private agencies organising foreign tours of Government personnel before approving the tours. They may reassess critically, the proposals for foreign tours of officials and non-officials.

(Paragraph 3.3)

REVENUE SECTOR

The Chapter on Revenue Sector contains one Compliance Audit Paragraph. This Chapter also gives an overview of revenue receipts which shows during the year 2018-19, the revenue raised by the State Government (₹ 1550.70 crore) was 26 per cent of the total revenue receipts. The balance 74 per cent of the receipts during 2018-19 was from Government of India.

(Paragraph 4.1)

The analysis of arrears of revenue as on 31 March 2019 showed that ₹ 345.36 crore was outstanding, of which, ₹ 136.83 crore was outstanding for more than five years

(Paragraph 4.2)

COMPLIANCE AUDIT

- The Commercial Taxes Division failed to bring the persons into the tax net by coordinating/ cross verifying with records of the Excise Department, resulting in non-realisation of profession tax amounting to ₹ 0.86 crore.

Recommendation:

The Department may devise a mechanism for effective collection of Professional Tax by coordinating with other departments concerned.

(Paragraph 4.9)

GENERAL SECTOR

The Chapter on General Sector consists of two Compliance Audit Paragraphs.

COMPLIANCE AUDIT

- Sikkim Building and Other Construction Workers' Welfare Board irregularly incurred an expenditure of ₹ 53.88 lakh towards celebration of May Day publicity event.

Recommendation:

The Board may place a robust internal control mechanism to ensure that Cess funds are utilized for the intended purpose and there is no inadmissible expenditure.

(Paragraph 5.3)

- The Police Department did not execute a legally binding Memorandum of Understandings (MoUs) with private hydel power companies resulting in non-recovery of charges of ₹ 1.70 crore on account of deployment of Sikkim Armed Police Force to them.

Recommendations:

The Department may serve notices on the firms and take all steps for recovering the dues based on the existing MOUs.

In future, the Department may ensure that they execute legally sustainable MoUs with penal provisions, before deploying precious manpower for private security.

(Paragraph 5.4)

FOLLOW UP OF AUDIT OBSERVATIONS

- Public Accounts Committee had discussed Audit Reports for the year up to 2011-12 and given recommendations on the Audit Reports for the year up to 2010-11.

(Paragraph 6.2)

- As of March 2019, 1,135 Inspection Reports (IRs) (3,518 paragraphs) issued from 1990-91 onwards were pending for settlement. The large pendency of IRs indicates absence of adequate action to rectify defects, omission and irregularities by the Heads of Offices and Heads of Departments as pointed out by audit through IRs.

(Paragraph 6.4)

- During 2018-19, we conducted seven Audit Committee Meetings with Power Department, Sikkim Khadi & Village Industries Board, Tourism & Civil Aviation, Forest, Cooperation and Excise Departments and Sikkim State Welfare Board where 72 IRs and 302 paragraphs were discussed, out of which 35 IRs and 183 paragraphs were settled.

(Paragraph 6.5)

Chapter I

Introduction

CHAPTER I INTRODUCTION

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from the performance audits and test audit of transactions of various departments of the Government of Sikkim pertaining to Economic, Revenue and General Sectors.

The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective action, to frame appropriate policies as well as to issue directives that will lead to improved financial management and contribute to better governance.

This Chapter in addition to explaining the planning and coverage of audit, provides a synopsis of significant instances of non-compliance with applicable laws, rules, regulations, various orders and instructions issued by competent authorities.

1.2 Historical Background and Authority for Audit

Sikkim is the 22nd State of the Indian Union, having merged with the Indian Union on 26 April 1975. Initially Sikkim Cell was created under the charge of Joint Director, in the Office of the Director of Audit, Central, Kolkata, to discharge the accounting and auditing functions for the State of Sikkim. A full-fledged office as an independent unit started functioning in Gangtok *w.e.f* 10 December 1981. Consequent to restructuring of cadres in the Indian Audit and Accounts Department on 01 March 1984, this Office was bifurcated into two offices, viz. Accounts & Entitlement Office (A&E) and Audit Office. The office is headed by Principal Accountant General.

Under the directions of C&AG, the Office of the Principal Accountant General (Audit), Sikkim conducts audit of Government departments, Public Sector Undertakings, Autonomous Bodies and other Institutions¹ under Social, Economic, Revenue and General Sectors, which are spread all over the State. The Principal Accountant General (Audit) is assisted by a Deputy Accountant General.

The authority of audit is derived from Article 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C & AG's (DPC) Act). Under Section 13 of the C & AG's (DPC) Act the Office of the Principal Accountant General (Audit) has been entrusted with the audit of all expenditure incurred from the Consolidated Fund of Government of Sikkim. This office conducts audit of revenue receipts of Government of Sikkim under Section 16 of the C & AG's (DPC) Act. The office of Principal Accountant General (Audit) conducts

¹ *Audit of World Bank assisted projects, Asian Development Bank assisted projects etc.*

supplementary audit of the accounts of four State Government companies under Section 143 (6) (a) of the Companies Act, 2013, as these companies are registered under the Companies Act, 2013. The Companies Act 1956 as well as Companies Act 2013 have not been extended to the State of Sikkim. Therefore, other companies of the State Government, (except the four companies) are registered under State's own "Registration of Companies Act Sikkim 1961". Audits of these companies are entrusted to CAG of India by the State Government from time to time.

This office is responsible for audit of accounts of autonomous bodies and authorities falling under Section 14, 15, 19 (2), 19 (3) and 20 (1) of C & AG's (DPC) Act. The C&AG prescribes the principles and methodologies for various audits in the Auditing Standards and the Regulations on Audit and Accounts, 2007.

1.3 Planning and conduct of Audit

Audit process commences with the assessment of risk of the departments based on the expenditure incurred, criticality/complexity of activities, priority accorded for the activity by the Government, level of delegated financial powers, assessment of internal controls, concerns of stakeholders, previous audit findings, *etc.* Based on this risk assessment, frequency and extent of audit are decided and an annual audit plan is formulated to conduct audit.

After completion of each audit, Inspection Report (IR) containing audit findings is issued to the Head of the unit with a request to furnish replies within one month of receipt of the IR. Wherever replies are received, audit findings are either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, which require attention at the highest level in the Government, are processed for inclusion in the Audit Reports which are submitted to the Governor of Sikkim under Article 151 of the Constitution of India for causing them to be laid on the Table of the State Legislature.

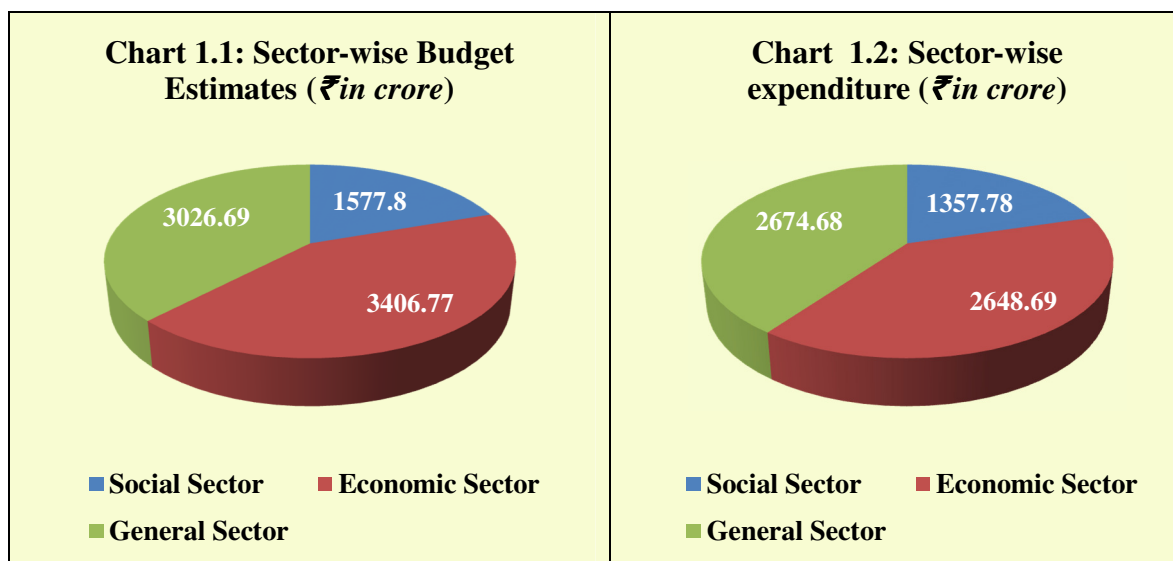
Audit Plan is prepared in such a way that it fits into the long term and short-term goals of audit in consonance with the overall "Vision and Mission" of the Indian Audit & Accounts Department. It is prepared after carrying out risk assessment and keeping in view the available manpower. Elements of the Audit Quality Management Framework (AQMF) *viz.* materiality, inputs from Voucher Level Computerization (VLC), financial size of the units, data from various *e-governance* initiatives taken by government, flagship programme undertaken by auditees, press criticism/ electronic media coverage, expected audit impact and continuous improvement based on past experience, *etc.* are taken into account to the extent possible while framing out the plan. A sector wise analysis of government spending, investment policy of the government in infrastructure development, industrialization and socio-economic activities alongwith due consideration of possible audit impact is taken into account in prioritising auditee units for preparing the audit plan.

Considering the availability of resources, focus has been given in areas of high financial risk than to thinly spreading out the resources throughout the Government activities. This would have better socio-economic impact and add value to governance.

Out of 591² auditee units, we planned 297³ units for audit during 2018-19 after carrying out risk assessment and keeping in view the available manpower, of which 277⁴ units were actually audited during 2018-19.

1.4 Significant Audit Observations

During the year 2018-19, the State Government had incurred an expenditure of ₹6,681.15 crore against the budget provision of ₹ 8,011.26 crore under Social, Economic and General Sectors. Sector wise budget estimates and expenditure during year 2018-19 is depicted in the Chart Nos. 1.1 and 1.2 respectively.



Source: Appropriation Accounts 2018-19

This Report *inter alia* contains a **Performance Audit** titled “**Development and Maintenance of Highways and Other Roads in Sikkim**” and seven audit paragraphs on major findings of audit from test check of the transactions of 9 units⁵ in the Economic, Revenue and General Sectors. Significant audit findings are discussed in the respective succeeding chapters.

² Including 43 Commercial Units

³ Including 24 Commercial Units

⁴ Including 16 Commercial Units

⁵ Revenue Sector: two units, Economic Sector: three units, Economic (PSU) Sector: two units and General Sector: two units

Chapter II

Economic Sector

CHAPTER II ECONOMIC SECTOR

2.1 Introduction

This Chapter of the Audit Report deals with audit observations on the functioning of the Government departments under Economic Sector.

The names of the departments and the total budget allocation and expenditure of the Government under Economic Sector during the year 2018-19 are given in the table below:

Table 2.1: Details of budget allocation and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Total Budget Allocation	Expenditure
1	Animal Husbandry & Veterinary Services Department	75.86	66.02
2	Buildings and Housing Department	81.08	65.75
3	Commerce and Industries Department	75.28	45.93
4	Co-operation Department	16.87	16.68
5	Power Department	300.45	269.82
6	Agriculture Department	106.14	92.01
7	Forest & Environment Department	178.95	142.91
8	Horticulture Department	168.93	105.75
9	Water Resources Department	175.64	83.03
10	Mines & Geology Department	6.34	6.33
11	Roads and Bridges Department	569.20	497.12
12	Rural Development Department	993.04	745.19
13	Tourism and Civil Aviation Department	108.92	81.53
14	Transport Department	75.62	75.10
15	Urban Development Department	293.71	245.49
16	Public Health Engineering Department	143.09	88.94
17	Food & Civil Supplies Department	37.67	21.11
TOTAL		3406.79	2648.71

Source: Appropriation Accounts 2018-19.

Besides, the Government of India (GoI) had been transferring funds directly to the implementing agencies under the Economic Sector. The major transfers for implementation of flagship programmes of the Central Government are detailed below:

Table 2.2: Details of funds directly transferred to the implementing agencies

(₹ in crore)

Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
1	Forest & Environment Department	Establishment Expenditure AYUSH	State Forest Development Agency, Sikkim	291.14
2	Urban Development Department	Transport Planning and Capacity Building in Urban Transport	Sikkim Urban Development Agency	46.44
3	Commerce and Industries Department	Industrial Research and Development	Shri Abhijeet Sharma	0.38
Total				337.96

Source: Finance Accounts 2018-19

2.2 Planning and conduct of audit

Audit process starts with the assessment of risks faced by various departments based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls, etc.

After completion of audit of each unit on a test check basis, Inspection Reports (IRs) containing audit findings are issued to the heads of the departments. The departments are required to furnish replies to the audit findings within one month of receipt of the IRs. After receiving the replies, audit findings are either settled based on reply/action taken or the audited entities requires to take further action for compliance. Some of the important audit observations arising out of these IRs are processed for inclusion in the Audit Reports. The Audit Reports are submitted to the Governor of the State under Article 151 of the Constitution of India for laying on the table of the Legislature for taking further appropriate action.

Test audits were conducted involving expenditure of ₹ 38,67.93 crore (including expenditure of ₹ 927.97 crore of previous years) of the State Government under Economic Sector.

This Chapter contains one Performance Audit on “**Development and Maintenance of Highways and Other Roads in Sikkim**” and two Compliance Audit Paragraphs.

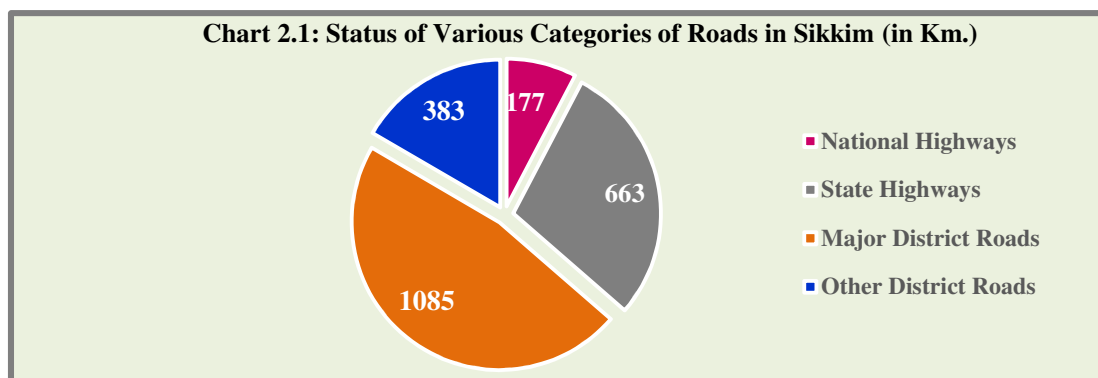
ROADS AND BRIDGES DEPARTMENT

2.3 Performance Audit on Development and Maintenance of Highways and Other Roads in Sikkim

2.3.1 Introduction

Sikkim is a landlocked State comprising of young and fragile mountains and crisscrossed by rivers, streams and water springs. The State shares international boundary with China in the North, Bhutan in the East and Nepal in the West. In the absence of railways, waterways and airways, roadways are the only means of transportation. The roads are crucial for economic development as they are the lifeline of industrial and tourism activities. The responsibility for development and maintenance of roads and bridges in Sikkim is assigned to Roads and Bridges Department (RBD), except for border roads. RBD's vision is to create well developed network of roads, bridges and other transport infrastructure facilities for improved productivity and economic efficiency of transport that will act as a catalyst to expedite the development of the State of Sikkim.

The RBD maintains 2,308.52 kms of roads {National Highways (NHs) - 177 kms, State Highways (SHs) - 663 kms, Major District Roads (MDR) - 1,085 kms and Other Districts Roads (ODR) - 383 kms} as on 31 March 2019 as shown in **Chart-2.1**:



Source: Annual Report of RBD for year ended March 2019.

Sikkim RBD constructs and maintains the SHs, MDRs and ODRs and the expenditure on maintenance of NHs is reimbursed by Ministry of Road Transport and Highways (MoRTH), GoI.

A total number of 227 projects at a sanctioned cost of ₹ 3154.17 crore, under 13 schemes (GoI: 10, State Fund: two and EAP⁶: one) were either completed or ongoing during 2014-19, including projects sanctioned prior to 2014-15 (**Appendix-2.1**). The expenditure incurred on these 13 schemes, during the period was ₹1,371.74 crore⁷. Out of the 10 schemes funded by GoI, seven schemes were funded through grants while other three schemes were funded through borrowings, from NABARD and HUDCO.

⁶ Externally Aided Project

⁷ Departmental Figure

Out of the above 227 projects, 142 projects (sanctioned cost ₹2,176.43 crore) were sanctioned during the audit period, out of which 25 projects were completed and 117 works were ongoing with expenditure of ₹750.74 crore. The status of these 142 projects is given below:

Table 2.3.1: details of projects sanctioned 2014-15 to 2018-19

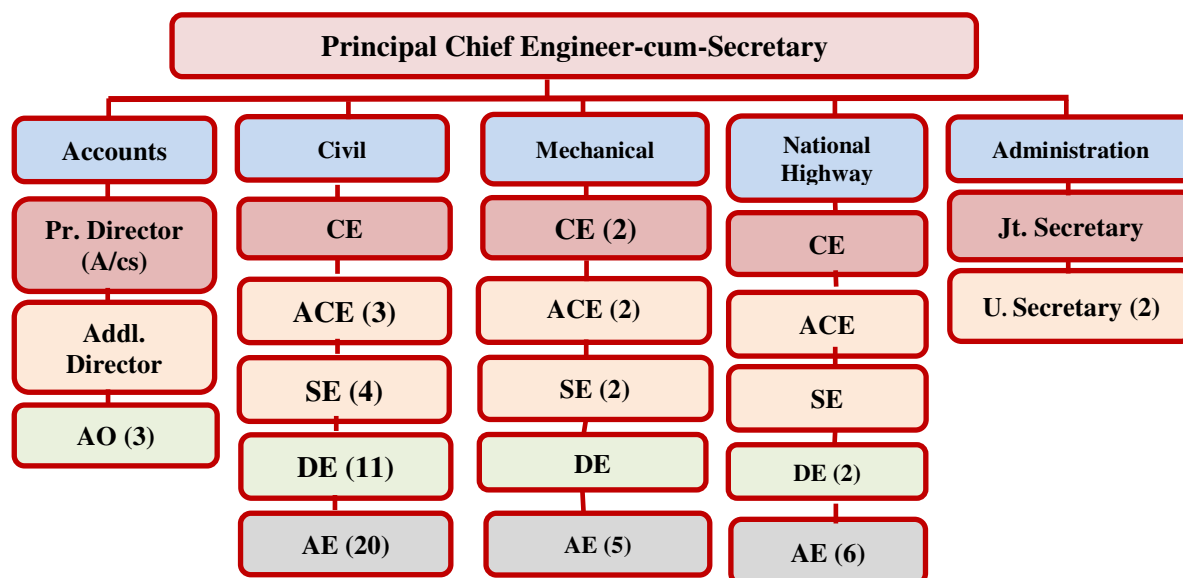
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	Total	Total Expenditure
Total Projects (in numbers)	12	04	09	35	82	142	750.54
Completed (in numbers)	01	Nil	01	06	17	25	114.05
Ongoing (in numbers)	11	04	08	29	65	117	636.49
Estimated Cost (₹ in crore)	47.45	36.99	210.54	419.96	1,461.49	2,176.43	
Expenditure (₹ in crore) (March 2019)	27.62	26.54	98.15	272.52	325.71	750.54	

Source: Departmental figure (Monthly-progress Report)

2.3.2 Organisational structure

The Road and Bridges Department (RBD) is headed by a Principal Chief Engineer-cum-Secretary (PCES). It has five⁸ wings. The Principal Chief Engineers/Chief Engineers are the head of Engineering wings (Civil, Mechanical and National Highway), Principal Director is the head of the accounts wing and Joint Secretary is the head of the Administration Wing as shown in **Chart-2.2** below:

Chart-2.2



NH: National Highway; CE: Chief Engineer; ACE: Additional Chief Engineer; SE: Superintending Engineer; DE: Divisional Engineer; AE: Assistant Engineer; AO: Accounts Officer.

⁸ Accounts, Civil Engineering, Mechanical Engineering, National Highway and Administration.

2.3.3 Audit objectives

The Performance Audit was conducted to assess whether:

- planning for development and maintenance of highways and other roads in the State was comprehensive and adequate;
- financial management was effective and efficient to ensure availability of funds and proper budgetary and expenditure controls were in place;
- execution of works for development and maintenance of roads was as per plan, estimates and time schedule and carried out transparently, economically and efficiently
- quality control and monitoring mechanism was adequate and effective.

2.3.4 Audit Criteria

The audit observations have been benchmarked against:

- Guidelines prescribed by MoRTH;
- Indian Road Congress (IRC) specifications;
- Guidelines issued by funding agencies from time to time;
- Sikkim Public Works Manual and Code;
- Sikkim Financial Rules;
- State Government notifications/circulars/orders.

2.3.5 Scope of Audit

The PA covered a period of five years from 2014-15 to 2018-19. The scope of audit included construction of new roads, up-gradation and strengthening of roads and maintenance of existing roads under RBD (except National Highway). Out of 227 projects under 13 schemes, nine⁹ schemes comprising 62¹⁰ projects (33 were funded under GoI grants/borrowings and 29 projects from State resources) were selected for examination in audit, based on the sampling method - Probability Proportionate to Size Without Replacement (PPSWOR) with size measure as total expenditure (*Appendix-2.2*).

In these 62¹¹ projects, against a sanctioned cost of ₹1727.76 crore, an expenditure of ₹833.34 crore was incurred as on March 2019 (Completed: 12 of ₹96.26 crore and On-going 50 of ₹1,631.50 crore).

⁹ Non-Lapsable Central Pool of Resources (NLCPR), North East Council (NEC), Central Sponsored Schemes (CSS), NABARD Rural Infrastructure Development Fund (RIDF), NABARD Infrastructure Development Assistance (NIDA), Sikkim Transport Infrastructure Development Fund (STIDF), Externally Aided Project (EAP), State Earmarked Fund and Housing and Urban Development Corporation Limited (HUDCO).

¹⁰ 29 new constructions, 32 strengthening/up-gradation projects and one project related to 'Installation of Crash Barriers' across the State.

¹¹ East: 13, West: 19, South: 24 and North: 04, Construction of Fair Weather Road and Installation of Crash Barrier: One each (in entire State).

Table 2.3.2: Details of 62 projects selected for audit

Particulars	Before 2014-15	2014-15	2015-16	2016-17	2017-18	2018-19	Total
No. of Projects sanctioned during the year	28	05	01	02	11	15	62
Sanctioned Cost	396.69	117.72	2.52	4.90	216.02	989.91	1727.76
Expenditure (March 2019)	329.00	72.87	2.64	3.98	153.43	271.42	833.34
Status (Completion/ On-going)	5 completed 23 On-going	01 completed 04 On-going	01 On-going	01 completed 01 On-going	02 completed 9 On-going	3 completed 12 On-going	12 completed 50 On-going

2.3.6 Audit Methodology

The PA commenced with an Entry Conference (16 July 2019) with the PCES, RBD. This was followed by issue of requisition for records and information to various authorities in the RBD. Records relating to nine schemes were scrutinised at the office of the PCES, two Circle offices (Namchi and Gyalshing) and six¹² Divisional offices. Based on scrutiny of records, preliminary observations were issued to the Department and their replies obtained. The Audit team along with the engineers of RBD conducted physical verification of 19 road works. At the end of Audit, the draft report was shared with the PCES, RBD for obtaining their replies. On conclusion of Audit, Exit Conference (19 February 2020) with the PCES, RBD was convened. The PA report was finalised duly considering the replies during audit and views of RBD expressed during the Exit Conference.

2.3.7 Acknowledgement

The Office of the Principal Accountant General (Audit), Sikkim acknowledges the co operation and support extended by PCES, RBD, other senior officers of the Department in the Head Office and Divisional Engineers/Assistant Engineers in the District offices in carrying out the Performance Audit in a time bound manner.

¹² 1) Mangan, 2) Kaluk, 3) Soreng, 4) Ravangla, 5) Pakyong and 6) Singtam.

Audit Observations

2.3.8 Policy and Planning

2.3.8.1 Absence of Road Policy and Perspective/Master Plan

The development of roads in hilly region like Sikkim poses special problems due to different terrain, heavy precipitation, rich biodiversity, fragile hills and high seismicity. The National Road Transport Policy envisaged a road policy regime geared to meet requirements of faster mobility, safety, access to social and economic services and minimising the impact of negative externalities like pollution, accidents etc. The endeavour of such a policy should be to promote modern, energy efficient and environment friendly road transport with the objective of sustaining high rate of GSDP growth, promoting public transport, ensuring availability of adequate trained manpower, promoting road safety and strengthening data base collection and management system to assist in continued policy and programme evaluation.

It was observed that the State Government of Sikkim had not formulated State Road Policy as of September 2019, despite an Assurance given (March 2016) the Public Accounts Committee (PAC), based on a C&AG Report, that the State Road Policy would be formulated. Absence of a conducive road policy not only denied an overall framework for long term planning for road development and maintenance in the State to meet the above objectives, it also indicated that in the absence of long term plans and measurable milestones, the prioritisation of road development & maintenance and allocation of resources thereon, remained *ad hoc*. This was further compounded by the absence of a perspective/ master plan for construction, upgradation and maintenance of roads in the State.

While accepting the audit observation, the Department stated (December 2019) that efforts are on to frame the State Road Policy and the Perspective Plan would be prepared in future.

2.3.8.2 Non-revision of Schedule of Rates (SoR)

SPW Manual (*Para-4.6*) requires RBD to have updated SoR to facilitate preparation of estimates and serve as a guide in settling rates for contract agreement. The SoR should be revised at least once in two years.

It was observed that the last SoR was formulated in 2012 and the RBD had not revised the SoR although eight years had elapsed. The SoR 2012 needed urgent revision, especially after roll out of GST (01 July 2017). As a result of non-revision of SoR, the Detailed Project Reports (DPRs) were finalised after adding *ad hoc* escalation provision of 7.5 per cent per annum to arrive at the estimated cost. During the course of execution, the rates offered by the contractors were higher than the lump sum escalation provided in the estimate. This led to additional financial burden to State exchequer on projects where cost escalation had occurred.

While accepting the observation, the Department stated (December 2019) that process of revision of SoR will be initiated shortly. However, as of June 2020, no progress was seen in this respect.

2.3.9 Financial Management

Fund for development and maintenance of roads is received from State and GoI resources. The budget provision and expenditure incurred by the Roads and Bridges Department during 2014-19 is given under **Table-2.3.3**:

Table 2.3.3: Budget provision and Expenditure

(₹ in crore)

Year	Overall Budget Allocation		Roads and Bridges Department				
			Budget provision	Final Grant	Percentage of State Budget	Expenditure	Excess (-)/ Saving (+)
2014-15	Revenue	4994.95	70.52	70.78	1.42	69.46	1.32
	Capital	1873.65	188.81	114.20	6.10	77.98	36.22
Sub-total		6868.60	259.33	184.98	2.64	147.44	37.54
2015-16	Revenue	4465.99	66.28	66.28	1.48	60.91	5.37
	Capital	1413.05	166.89	228.56	16.17	129.10	99.46
Sub-total		5879.04	233.17	294.84	5.02	190.01	104.83
2016-17	Revenue	5052.59	77.53	81.87	1.62	71.69	10.18
	Capital	1516.50	124.79	246.90	16.28	85.29	161.61
Sub-total		6569.09	202.32	328.77	5.00	156.98	171.79
2017-18	Revenue	5115.69	81.56	94.87	1.85	95.63	(-) 0.76
	Capital	2348.08	206.08	350.64	14.93	293.05	57.59
Sub-total		7463.77	287.64	445.51	5.97	388.68	56.83
2018-19	Revenue	6192.74	109.77	142.80	2.31	132.37	10.44
	Capital	2235.21	168.81	426.39	19.08	364.75	61.64
Sub-total		8427.95	278.58	569.19	6.75	497.12	72.08
Total		35208.45	1261.04	1823.29	5.18	1380.23	443.07

Source: Appropriation Accounts 2014-15 to 2018-19

It is observed that the budget outlay of the Department as a percentage of overall budget allocation of the State was on an increasing trend from 2014-15 onwards, except for a minor shortfall in 2016-17, as compared to 2015-16. The allocation increased from 2.64 per cent, to 6.75 per cent in 2018-19. The upward trend in allocation was visible in both Revenue and Capital Section of the Budget.

Against a final grant of ₹ 1823.29 crore, the Department spent ₹ 1380.23 crore during the period which included ₹ 430.06 crore (31 per cent) on Revenue and ₹ 950.17 (69 per cent) crore on Capital account. The savings ranged from ₹ 37.54 (20.3 per cent) in 2014-15 to ₹ 171.79 crore (52.2 per cent) in 2016-17. The savings under Revenue section ranged from 1.9 per cent (2014-15) to 7.3 per cent (2018-19), whereas under Capital section the savings ranged from 14.5 per cent (2018-19) to 65.4 per cent (2016-17).

The Department stated that the expenditure was less than allocation due to slow pace of works by the contractors, non-receipt of bills from the contractors, and non-receipt of fund from Government of India.

The overall savings under Capital section indicated inability of the Department to complete the projects as per timelines, adversely impacting asset creation in the State.

The condition of the roads affects the vehicle operating cost which is an important component of the road transport cost. Besides bad roads cause tremendous inconvenience to the public, in terms of time and health. The budget provision and expenditure incurred by the Roads and Bridges Department on maintenance during 2014-19 is given under **Table-2.3.4**.

Table 2.3.4: Budget outlay and expenditure on Maintenance

(₹ in crore)

Year	Budget Provision	Expenditure			Total Expenditure
		Wages	Minor Works	Materials	
2014-15	31.70	16.28	2.98	0.20	19.46
2015-16	19.86	16.44	3.23	0.18	19.85
2016-17	18.40	16.35	1.76	0.03	18.14
2017-18	49.46	55.55	17.53	0.20	73.28
2018-19	57.99	30.78	15.93	0.20	46.91
Total	177.41	135.40	41.43	0.81	177.64

Source: Detailed Appropriation Accounts of the respective years (2014-19)

Out of budget outlay of ₹ 405.66 crore on Revenue Head, the allocation on maintenance was ₹177.41 crore (44 per cent) against which expenditure incurred was of ₹ 177.64 crore. Under Maintenance Head, the expenditure on minor work and material was only 24 per cent of the maintenance expenditure during the period 2014-19 while it was 76 per cent of the allocation under wages.

Audit observed that in 17 works out of total 29 works taken under maintenance for patchwork and slip clearance through departmental execution during 2014-19, only nine were completed, seven works had not commenced even after lapse of two years and one work progressed up to 15 per cent as of March 2019. The Department needs to allocate adequate resources for maintenance and ensure timely completion of maintenance works.

2.3.9.1 Unnecessary supplementary provision

It was observed during 2015-16 and 2016-17 that though the expenditure was less than the budget provision during these years, the Department asked for supplementary provision of ₹61.67 crore and ₹126.45 crore respectively, which proved unnecessary. It was also observed that the surrenders were less than the savings during these two years.

2.3.10 Project execution

2.3.10.1 Status of works

Total of 227 projects (85 projects taken up before 2014-15 and 142 sanctioned during 2014-15 to 2018-19, (as given in **Appendix-2.3**) of which 49 were completed and 178 were in progress as of March 2019 as shown below:

Table 2.3.5: Status of works

Sl. No.	Details of Projects	Total number of Projects	Total Project cost (₹ in crore)	Expenditure (March'19) (₹ in crore)
1	Prior to 2014-15	85	997.75	614.81
2	Sanctioned during 2014-15 to 2018-19	142	2,176.43	750.54
	TOTAL	227	3,154.18	1,365.35
3	Projects completed	49	387.71	320.94
4	Ongoing projects	178	2,767.10	10,44.41

Source: Monthly Progress Report of Projects.

During 2014-19, the Department took up 142 projects and brought forward 85 projects sanctioned prior to 2014-15. Out of these 227 projects, 85 projects related to construction of new roads, while remaining 142 projects related to activities like upgradation & carpeting of roads (121 projects), and others (21 projects). The Department completed 49 projects involving 278.45 kms (New: 28.52 kms and Upgradation: 249.93 kms) during 2014-19. The Department has not measured the quantum of work completed (per kms) in the ongoing works and hence did not have the information.

Out of remaining 178 projects, scheduled dates of completions were not recorded in respect of 48 projects, while in respect of 22 projects the scheduled date of completion was beyond March 2019. The remaining 108 projects¹³ were at various stages of completion, recording delays of one to 10 years as on March 2019.

2.3.10.2 Delays in completion of Projects

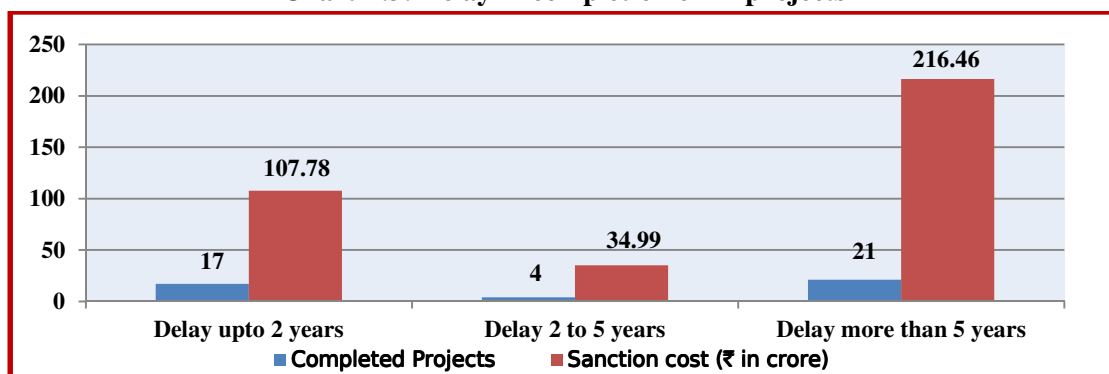
Out of 49¹⁴ completed projects (18 funded by GoI, 22 by State Funds and nine from Borrowed Funds) only seven projects (14 per cent) were completed in time (during 2014-19), remaining 42 projects were completed after recording delays¹⁵ of one to 16 years as shown in **Chart-2.3** below:

¹³ New constructions: 50 projects (1828.87 kms); Upgradation: 52 projects (522.58 kms); and Other: six projects

¹⁴ New construction of roads: 09 and Upgradation/strengthening: 40. Oldest one: Upgradation and carpeting of Rimbi-Yuksum Road sanctioned during 2002-03.

¹⁵ The delay has been worked out since the stipulated date of completion as mentioned in the individual project execution agreement.

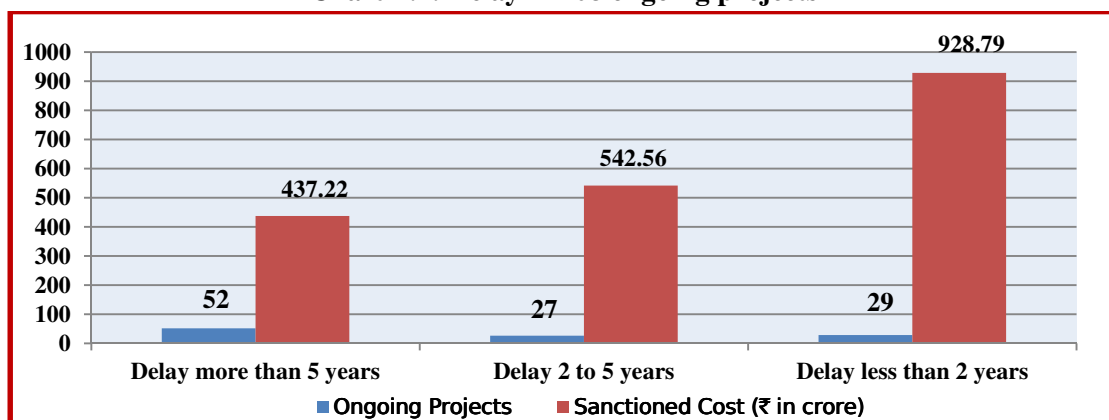
Chart-2.3: Delay in completion of 42 projects



Out of 12 selected projects, the Department completed 10 projects with delays ranging between one to seven years. Against these, reasons for delay were recorded in respect of seven projects. The Department assigned the delays to rainy seasons, non-availability of stock material *etc.*

Similarly, out of 178 on-going projects (47 funded by GoI, 76 by State Funds and 55 from Borrowed Funds), scheduled dates of completion of 22 projects were beyond March 2019. Of remaining 156 projects, scheduled dates of completion were not recorded in respect of 48 projects and 108 projects had crossed the scheduled date of completion by one to 10 years as of March 2019 as shown in **Chart-2.4** below:

Chart-2.4: Delay in 108 ongoing projects



Further, out of 108 ongoing projects, of which 50 projects were within the audit sample, five projects were to be completed after March 2019 and in respect of one project (Crash Barriers) scheduled date of completion was not mentioned. Remaining 44 projects remained in progress with delays in completion ranging between one to eight years. Out of 44 delayed projects, in 16 projects¹⁶ the delay is attributable to the Department, in seven cases it was the delay on the part of the contractors while in remaining cases the Department gave the reasons such as heavy monsoon, non-availability of stock materials *etc.* The Department also failed to provide encumbrance free site in seven cases. They frequently changed the scope of work or added new items leading to time and cost overruns.

¹⁶ Revision of DPRs: 14 projects, stalled: one project and awaiting forest clearance: one project

Scrutiny of sample of 62 projects also revealed that in 19 projects, the Divisions sought time extension on more than one occasion citing reasons such as non-availability of encumbrance free sites, heavy monsoon, non-availability of stock materials, etc. Time extensions in 15 projects were sought after expiry of scheduled date of completion.

The reasons given by Department were not convincing as heavy monsoon is a regular feature in Sikkim and as regards non-availability of stock materials, self-procurement was allowed to the contractors as and when requested. The time extensions sought by executing agencies were routinely accepted by the Department leading to delays in completion of projects as well as cost escalation.

Audit observed that penalty of one *per cent* per week (maximum 10 *per cent*) on the incomplete portion of work in two projects¹⁷ with estimated cost ₹ 15.32 crore, aggregating to ₹ 1.53 crore was not levied by the Department as required under SPW Manual (Section 22) and General Terms and Condition of Contract.

The Department stated (December 2019) that the contractors are awarded the work with stipulated timelines for completion of projects. In case of delay, contractors are issued reminders to expedite the work. Despite this, in some cases projects are not completed in time. The Department assured that the system would be further strengthened to ensure that the works are completed in shortest possible time. However, no reply was given for non-levy of penalty in two cases mentioned above, which is only an indication on a small sample, and there would be many more cases, where the Department has not ensured adherence to time lines, stringently.

It is pertinent to note that the Department has not made a distinction, in projects funded by GoI which have defined timelines and those executed with borrowed funds, which have an added interest cost to the Government. Non monitoring of such important projects would pose an additional financial burden on the State.

2.3.10.3 Design and cost estimation of projects

MoRTH guidelines and IRC norms provide for determination of road width, thickness crust and categorisation of roads on the basis of pavement conditions. The IRC norm (37:2001) provides for calculation of MSA¹⁸ and CBR for determining thickness of crust of roads. The value of MSA depends on number of commercial vehicles per day (CVPD) and type of commercial vehicles. The thickness of crust of roads should be commensurate with MSA (traffic load) of a road. Similarly, IRC-37:2001 prescribes testing of soil of the site for CBR¹⁹ value. Further, in order to

¹⁷ Chemchey-Lachithang Road (₹ 7.53 crore) (NABARD-RIDF) and Power House to Jhakridungda via Melling Ferek (₹ 7.79 crore) (STIDF).

¹⁸ Value of MSA depends on number of commercial vehicle per day (CVPD), year of construction period, design life, vehicle damage factor, lane distribution factor and annual traffic growth. While values of year of construction period, vehicle damage factor, lane distribution factor, design life and annual traffic growth rate are fixed and need no further calculation, value of CVPD is derived from the traffic census conducted on a road.

¹⁹ CBR is a measure of load bearing strength of the soil.

assess the required overlay of Bituminous Macadam for strengthening the stretches of the roads, IRC-81:1997 prescribes Benkelman Beam Deflection Technique Test (BBDT²⁰) to categorise roads (good, fair, poor) on the basis of pavement conditions. This requires a survey to be conducted first for classification of the roads.

During audit of the projects, it was seen that the Department had not conducted any traffic census for determining width of roads, nor carried out CBR tests for determining the crust thickness for the road projects. No survey of road conditions was carried out before according technical sanction to projects.

The Department justified (December 2019) its projects, stating that in hilly terrain it was not possible to adhere to MoRTH guidelines and IRC specifications strictly due to harsh topography. They had kept the width and thickness of roads to the barest minimum of 3.75 mtr and 20 mm respectively.

It was seen that during 2014-19, eleven projects relating to up-gradation/strengthening and widening, single lane roads were converted to intermediate lane (seven)²¹ and double lane (four)²² by incurring expenditure of ₹ 359.98 crore without any reference to passenger car unit (PCU) norms.. This was unwarranted because as per Department, the PCU in almost all roads in the State was less than the minimum standard recommended by IRC. The Department did not clarify the reasons for upgradation/widening of the road projects, when they are of the opinion that IRC norms are not implementable in the State.

2.3.10.3.1 Inadequate survey and investigation

SPW Manual (Para-4.1 to 4.3 and Para-4.12) envisages preparation of DPR only after carrying out Survey and Investigation (S&I) of project sites.

(i) Audit noticed that in 49 (out of 62) projects amounting to ₹ 1557.43 crore, no provision was kept for S&I. In remaining 13²³ projects (sanctioned costs ranged between ₹ 1.91²⁴ crore and ₹61.67²⁵ crore), despite having provision (₹ 0.02 lakh to ₹ 29.79 lakh), S&I was not conducted and the amount was diverted towards meeting cost escalation. Some major illustrations are given below:

²⁰ BBDT: Methods for measuring surface deflections in field.

²¹ 1) Cultural Park to Dhapper Dara, 2) Rongli-Rorathang Road, 3) Gangtok-Rumtek-Sang Road, 4) Reshi-Legship-Bermoik Road, 5) Namchi-Sikkim Wok Road, 6) Budang-Chumbong-Chakung-Soreng Road and 7) Kewzing-Legship Road.

²² 1) Namchi-Phong-Mamring Road, 2) Ranka-Sichey Road, 3) Melli-Nayabazar Road and 4) Adampool to Banjhakri Falls Road.

²³ NABARD - ₹20.75 crore (six), CSS - ₹77.66 crore (2), State Earmarked Fund - ₹21.58 crore (3) and STIDF- ₹7.96 crore (two)

²⁴ Carpeting of road from Rong to Khani Gaon (STIDF)

²⁵ Construction of new two lane road from Adampool to STP Ranka-Banjhakri Falls (State Earmarked Fund)

Table 2.3.6: Survey and Investigation not conducted despite provision

Sl. No.	Name of project	Scheme	Sanctioned year	Sanctioned cost (₹ in crore)	S & I Amount (₹ in lakh)	Status (March 2019)
1	Construction of new two lane road from Adampool to STP Ranka-Banjhakri Falls	S/ Earmarked Fund	2017-18	61.67	4.00	U/Progress
2	Upgradation and carpeting of road from Liching Golai to Uttarey via Bandukay	S/Earmarked Fund	2018-19	18.31	6.62	U/Progress
3	Upgradation & carpeting of Namchi-Sikkip-Wok Road.	CSS	2013-14	25.89	24.87	U/Progress
4	Upgradation widening and improvement of Budang Chumbong-Chakung-Soreng Road	CSS	2012-13	32.75	29.79	U/Progress
Total				138.62	65.28	

The Department stated (December 2019) that though projects are taken up only after conducting survey and investigation, the process will be further strengthened to incorporate all aspects of the projects to ensure minimum revision of estimate and change in scope of work.

(ii) Similarly, under the programme of ‘Construction of Fair Weather Roads’, RBD tendered (2018-19) 780 works (1,664.42 km) involving ₹ 826.39 crore across the State. The objective of this project was to connect hamlets without road connection with mainstream locations and to act as catalysts for rural economy through improved connectivity.

Audit observed that instead of preparing separate estimates for each work at different sites, the Department prepared uniform standard estimate²⁶ of ₹ 49.80 lakh per km for each work, without any Survey and Investigation (S&I), in violation of provisions SPW Manual.

The Department stated (December 2019) that standard estimate of ₹ 49.80 lakh per km was prepared to provide fair weather connectivity to unconnected villages/hamlets at the minimum possible cost. The reply is not tenable as SPW Manual envisages preparation of detailed estimate as per site condition. The uniform arbitrary estimates would not only affect timeliness in completion of projects, it would also compromise quality in execution due to different site conditions.

²⁶ All the estimates uniformly included hill cutting (six mtr height), formation width (six mtr), protective works in dry masonry (500 mtr) and kutcha drain for whole length and three cross drains in each km. Besides, the estimates also prescribed a uniform amount of ₹ 21.88 lakh for hill cutting work, ₹ 18.77 lakh for protective works, ₹ 1.72 lakh for cross drainage work and escalation of ₹ 7 lakh, for each km of road.

2.3.10.3.2 Incorporation of drainage in the DPR without hydrological data

IRC-19 stipulates carrying out S&I for collection of hydrological data for designing of cross drainage (CD) structures. In addition, site inspection with local enquiry and study of nearby road structures is to be conducted for collecting information about high flood level (HFL), tendency to scour and the maximum discharge.

Scrutiny of records revealed that in all the 61 projects (excluding project of installation of crash barriers), CD structures were uniformly included in the estimate without obtaining hydrological data and without conducting study of nearby road structures. Thus, the provision of CD structures was made without any scientific data.

The Department, while accepting that hydrological data was not obtained, stated (December 2019) that effort will be initiated to obtain such data, especially in bigger projects, for designing CD in future.

2.3.10.4 Tendering of projects

2.3.10.4.1 Inadequate publicity to tenders

SPW Manual (*Para-9.6* read with *11.1*) stipulates that notice inviting tender (NIT) should be published for all works proposed for execution by contract on official website, Sikkim Herald and other national and local newspapers, and also by pasting notices in public places. SPW Manual (*Para-11.1*) further emphasised that e-tendering should be resorted to for all projects costing ₹ three crore and above for wider participation and ensuring transparent competition amongst bidders. This provision was reiterated²⁷ (August 2012) by the State Government and in order to make the tender process more competitive and to properly evaluate the rates offered by the contractors, it is necessary that there must be minimum three bids in each tender. Tender received in less than three valid bids shall be summarily rejected and fresh tender shall be invited(*Para-9.6* of SPW Manual).

Audit observed that 38 (out of 62) projects with estimated cost ranging between ₹ 3.41 crore and ₹ 61.67 crore, aggregating to ₹ 1,345.50 crore, e-tendering was not resorted to though the estimated costs were above ₹ 3 crore in each case as detailed in **Appendix-2.4**. Similarly, in 44²⁸ (out of 62) projects of estimated cost of ₹ 534.63 crore, NITs were published in only one local newspaper and were not pasted in public places where the projects were to be executed. Thus, objectives of transparency and wider participation of agencies by ensuring wide publicity, through e-tendering was compromised.

Some major illustrations are given below:

²⁷ Vide OM No.11/ Fin/Admn dated 24 August 2012 issued by Finance Department.

²⁸ State Earmarked Fund- 11 projects ₹129.24 crore, NABARD (RIDF)- 15- ₹170.44 crore, STIDF- 12 projects ₹107.44 crore and HUDCO – 6 projects ₹127.51 crore.

Table 2.3.7: Non-resorting of e-tendering as well as insufficient publicity

Sl. No.	Name of project	Scheme	Sanctioned Year	Sanctioned cost (₹ in crore)	Status (March 2019)
1	Namchi-Phong-Mamring Road	NABARD-NIDA	2017-18	85.30	U/Progress
2	Construction of new two lane road from Adampool to STP Ranka-Banjhakri Falls	State Earmarked Fund	2017-18	61.67	U/Progress
3	Pelling-Dentam-Kaluk Road	HUDCO	2018-19	36.26	U/Progress
4	Bermoik Phatak-Bermoik-Phong Road	HUDCO	2018-19	29.05	U/Progress
5	Carpeting of Nayabazar-Daramdin Pureyatar Road	State Earmarked Fund	2017-18	24.44	U/Progress
Total				236.72	

The Department stated (December 2019) that wide publicity as per SPW Manual is resorted to in all cases, except work valuing up to ₹ two crore which is tendered and awarded at the Gram Panchayat level. Department assured that the system would be further strengthened.

As mentioned above, in 44 cases there was insufficient publicity (publication of NIT in only one Newspaper and not pasting of NIT in public place) noticed during the Audit. Provisions for e-tendering in all project costing more than ₹ three crore were also not adhered to.

2.3.10.4.2 Irregular splitting of projects

Sikkim Financial Rules (*Para-141*) envisaged that a group of works which form one project should be considered as one work for the purpose of approval and sanction. The funding agencies (NEC, NABARD, DoNER, MoRTH) also prescribed that the project should be treated as one work and tendered/awarded accordingly.

Audit noticed that in six projects²⁹ (sanctioned during 2014-15 to 2018-19) costing ₹ 41.92 crore (ranging between ₹ 2.67 crore and ₹ 20.10 crore), the RBD had not adhered to these instructions and the projects were split into 42 works in contravention to SFR.

The Department stated (February 2020) that the projects were split in the interest of the expeditious completion of the works.

The reply is not acceptable as majority projects (five projects splitting into 39 works) were still under progress and remaining one project (splitting into three works) was completed (March 2019) after 12 months from the schedule date of completion (March 2018), and thus the claim for expeditious completion of work was hardly met.

²⁹ State Fund -01 project of ₹7.21 crore, NABARD (RIDF)- 4 projects of ₹14.61 crore and HUDCO-01 project of ₹20.10 crore.

2.3.10.5 Execution of Projects

2.3.10.5.1 Avoidable expenditure

The various structures in flexible pavement in construction of roads in terms of Indian Road Congress (IRC) specification consists, *inter-alia*, of Sub-grade³⁰, Sub-base course³¹, Base course³² and Surface course³³. After the sub-base formation with WBM-I, the standard base courses prescribed for roads, other than National Highways and City Roads with high traffic density, are either water bound macadam with stone aggregates of size of 63 mm to 45 mm (WBM-II) or 53 mm to 22.4 mm size (WBM-III) with appropriate screening and binding materials.

Audit observed that during 2014-19, the Department incorporated WBM-III in addition to WBM-I and WBM-II in the estimates of eight projects. Since only one out of the two courses of WBM-II or WBM-III at base level was required as per IRC specifications, inclusion of 2,94,475.20 cum of WBM-III in the estimates was irregular which resulted in extra avoidable expenditure of ₹ 7.03 crore, as detailed in the *Appendix- 2.5*.

2.3.10.5.2 Wasteful/Excess expenditure

As per Sikkim Financial Rules, every officer incurring or authorising expenditure from public moneys should be guided by high standard of financial propriety. Every officer should also enforce financial order and strict economy at every step and see that all relevant financial rules and regulations are observed by his own office and by subordinate disbursing officers.

During course of this PA, Audit observed following wasteful/infructuous expenditure in respect of three works:

(i) *Avoidable excess expenditure due to changes in project without approval of competent authority*

The ‘*Up-gradation, strengthening and improvement of Pakyong-Chalamthang-Mamring-Tarethang-Rorathang Road*’ for a total length of 26 km. was sanctioned (May 2011) by the State Cabinet for *Single lane specification* at a cost of ₹ 29.97 crore to be funded from State Transport Infrastructure Development Fund (STIDF). The project was awarded in three phases (July 2011) to three contractors, to be completed within July 2013, (22 percent above SOR 2006).

³⁰ *Sub-grade* is the surface of the ground in its final shape after completion of earthwork and consolidation, compaction or stabilisation,

³¹ *Sub-base course* is a WBM (Water Bound Macadam) laid over the sub-grade with stone aggregate of 90 mm to 45 mm size (WBM-I).

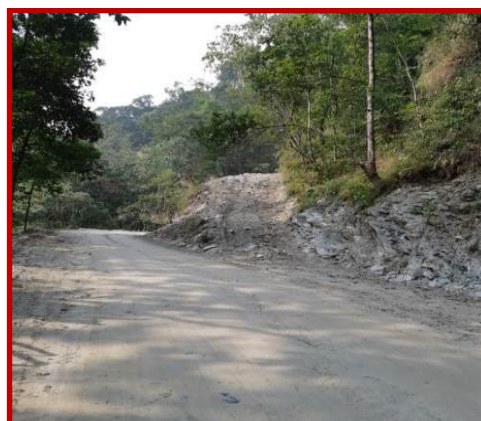
³² *Base course* is also a WBM to be laid either with stone aggregates of 63 mm to 45 mm (WBM-II) or with stone aggregates of sizes 53 mm to 22.4 mm size (WBM-III) with screening.

³³ *Surface course* may, *inter-alia*, consist of surface dressing with hot bitumen or premix carpeting with hot bitumen or bituminous macadam using hot mix plant and paver equipment.

It is observed that the work was already tendered in 2009 in anticipation of funds from NEC but awarded in July 2011. After award of the tender in July 2011, ‘*verbal direction*’ was passed on to the field engineer based on the instruction of the then CE, RBD (November 2011) to execute the work conforming to *Intermediate lanespecification*. This was purportedly based on discussion with NEC at Shillong on 12 March 2010. However, funds were never received from NEC for this project.

This led to considerable change in the scope of work which was carried on without approval of the changed scope and estimate of the work from the competent authority, which is the Cabinet. As a consequence, there was huge increase in cost of the works on hill cutting, protective works, cross drainage works and culverts required for road widening to meet Intermediate lane specification, sparing only marginal funds within the sanctioned cost for pavement works, including bituminous macadam and SDBC which could not be taken up due to paucity of funds. By November 2016, 14.80 km. of cutting and protective work had been completed for the Intermediate lane and 9.3 km. of cutting and protective work had been executed for Single lane specification.

It was noticed that the work on Intermediate lane specification was later stopped at “as is where is basis” (January 2017) and the remaining work was ordered to be implemented on single lane specification, to be completed before March 2017 by the same contractors. Subsequently, a revised DPR of ₹63.29crores (based on 2012 SOR) was submitted for approval of the Cabinet (February 2019) to meet the extra expenditure on pavement and allied works including bituminous macadam, SDBC,



Pakyong- Rorathang Road (Single lane)

protective layers and drainages *etc.*, entailing an additional financial burden of ₹ 33.32 crores on the project. The revised cost was approved by the Hon. CM in March 2019. As per Monthly Progress Report of the Department (November 2020), 95 *per cent* of the work has been completed with an expenditure of ₹36.79 crore.

Thus, the Government had to incur an additional financial burden of ₹ 33.32 crores due to changes in specifications without approval of the competent authority.

The Department stated (December 2019) that the specification of the road was changed from single lane to intermediate lane considering the increase in volume of traffic and movement of heavy axle vehicles to cater to the requirement of pharmaceutical companies, hydro power companies, *etc.* However, in absence of adequate fund, the decision had to be reversed and the road was executed in single lane specification. The formation cutting in some stretches for intermediate lane would be useful in future expansion of roads.

The reply is not tenable as major changes were done in the work without proper approvals at the highest level leading to avoidable financial burden on the State

exchequer. Moreover, the project remained incomplete and the purported benefit could not be made available to the beneficiaries even after lapse of more than seven years from the scheduled date of completion. The Department may ensure that the road is completed on priority.

It is noted that the issue of change in specification and revision in cost was reviewed at the highest level in January 2017 wherein it was observed that it is a gross violation of established procedure and norms and irresponsible behaviour on the part of the officials and directed that that the responsible delinquent officials need to be reprimanded for their wayward action. Action taken was awaited (October 2019).

(ii) Avoidable excess expenditure on execution of sub-base and pavement surfacing twice

The work ‘*Up-gradation, carpeting of Namchi-Phong-Mamring Road, South Sikkim*’ was awarded (October 2013) at estimated cost of ₹ 46.75 crore with a stipulation to complete within September 2016. The project (42 km) was funded under Non-Lapsable Central Pool of Resources (NLCPR). The work was completed by February 2017 and payment was released to the contractor. The work was again taken up under NABARD (NIDA) for higher grade of pavement work and the estimate was revised (February 2017) from ₹ 46.75 crore to ₹ 85.30 crore. The work was divided into two stretches of 21 kms each and awarded to two contractors (February 2017) with stipulation to complete within April 2017.

Audit observed that during the course of execution under NLCPR, pavement work including 20 mm mixed seal surfacing and prime coat (2,42,076 sqm. each) and WBM (54,467 cum) had already been laid at a cost of ₹ 27.42 crore. Subsequently during the course of execution under NIDA, mixed seal surfacing of 40 mm and WBM 60 mm were again laid on the same surface by incurring an expenditure of ₹ 64.69 crore.

Thus, the expenditure of ₹ 64.69 crore incurred on surface up gradation for an item of work which had already been executed and now again met from NABARD-NIDA borrowings was a case of avoidable excess expenditure. This also entailed an unnecessary interest burden on the Department.

The Department stated (February 2020) that mixed seal had to be executed twice to bring the surface to meet the laid down standard as the pavement surface laid earlier had withered away due to time gap.

The reply is not acceptable as the first work under NLCPR was completed on 25 February 2017 and work order for improvement of riding quality (2nd phase) was issued on 13 February 2017, *i.e.* prior to completion of the 1st project. Hence, the question of withering of earlier pavement works due to efflux of time does not arise.

The Department needs to make an enquiry on the avoidable excess expenditure on this project, when there were so many incomplete projects languishing for funds.

(iii) Wasteful expenditure on laying of sub-base

The “**Carpeting of approach road to Ringhim Gumpa (Km-3.87)**” was taken up (April 2017) with a view to connect Ringhim Gumpa from DAC road, Mangan at a cost of ₹ 4.23 crore. The work was funded by NIDA and executed departmentally. The work was scheduled to be completed in February 2018. However, after incurring ₹ 2.90 crore (91 *per cent* physical progress), the work was held up since April 2018 due to shifting of hot mixing plant and heavy monsoon. This resulted in damage of already executed WBM works valuing ₹ 1.34 crore as shown in photograph.



Approach road to RinghimGumpa

The Department stated (December 2019) that due to heavy monsoon, the executed WBM level was damaged which would be set right while executing pavement work to bring the road surface to desired standard.

The reply is not acceptable as departmental laxity in execution of the project led to delayed completion and also brought additional interest liability to the State exchequer, being a borrowed funds project.

(iv) External Aided Project - delays in execution and avoidable cost escalation

The Ministry of Development of North Eastern Region sanctioned (18 August 2011) “**Widening, Reconstruction and Upgradation of State Highway from Manpur to Nayabazar (Sk-01) and Nayabazar to Namchi (Sk-02) roads (29.2 km)**” at a cost of ₹ 95.39 crore (Centre: ₹ 89.01 crore and State: ₹6.38 crore) under Asian Development Bank (ADB) assisted ‘North Eastern State Roads Investment Programme (NESRIP)’. As per loan agreement between Government of India and the ADB (9 July 2012) for funding of the project, the State Level Executing Agency (SLEA) i.e. Roads and Bridges Department (RBD) was to obtain all necessary statutory clearances, such as Environmental Clearances, Forest Clearances and No Objection Certificate from the relevant State and Central level agencies and ensure encumbrance free site prior to commencement of work.



State Highway from Manpur to Nayabazar

The RBD tendered (11 December 2011) the work at a cost of ₹62.92 crore and awarded the same after 10 months (15 September 2012) to M/s BVSR Construction Pvt. Ltd., Hyderabad at a contract price of ₹ 69.68 crore to be completed within 18 months (March 2014).

The issues of delay in execution/ completion of this project due to prolonged tendering process and non-availability of encumbrance free land *etc.*, had also been featured in Audit Report for the year ended 31 March 2017.

Thereafter the estimate of the work was revised (March 2019) to ₹ 191.03 crore (from ₹ 95.39 crore) due to time overrun and increase in scope of work. As of November 2020, the project remained incomplete (as shown in photograph), with physical progress of 95.71 *per cent* for which RBD had incurred expenditure of ₹ 107.51 crore.

Thus, the failure of RBD to adhere to the provision of the loan agreement regarding obtaining of statutory clearances, ensuring encumbrance free work site and to frame accurate DPR led to abnormal delays in completion of work, which consequently resulted in cost escalation of ₹95.64 crore. Further, the work remained incomplete after more than nine years from the sanctioning of the project.

2.3.10.5.3 Irregular grant of mobilisation advance

According to SPW Manual (*Para-24*), Mobilisation Advance(MA)not exceeding 15 *per cent* may be granted at 10 *per cent* simple interest to the contractor in respect of specialised and capital intensive works costing not less than ₹ 10 crore. The MA is released in two instalments; second instalments to be released only after satisfactory utilization of the first instalment. However, State Government had banned granting of MA vide circular dated 22 February 2016.

Audit observed that the Department had not followed these instructions in as much as MAs of ₹ 9.67 crore in respect of three projects were irregularly released to the contractors during the period March 2016 to March 2019 despite the ban imposed by the State Government. In case of one contract, where ten lakhs were released (October 2017) to the contractor, neither had the work commenced nor was the MA recovered from the contractor (September 2019).

The Department stated (January 2021) that an amount of ₹ 6.15 crore (out of ₹ 9.67 crore) had been recovered from a contractor. However, no response on irregular release of MA was provided.

2.3.10.5.4 Non-levy of penalty on contractors

According to SPW Manual (*Para-9.6 and 9.7, Annexure-F, Clause 16*), in case of failure by the contractor to complete the work even after issuing notice to him, the Department has the authority to cancel the contract and take possession of the site and materials, constructional plants, implements, stores, etc. and carry out the incomplete work by any means at the risk and cost of the contractor.

Audit observed that in three³⁴ projects (out of 62), the contracts were rescinded by the Department due to failure of the contractors to complete the works within the extended time. The Department did not penalise the contractors for not completing the work nor did they recover the additional cost of remaining work from them. The Department completed the balance work of these projects with revised estimates. In two³⁵ projects, additional cost of ₹ 12.22 crore incurred to complete the remaining works, was not realised from contractors resulting in undue favour to them. In one case, earthworks, culverts, protective walls, drains, etc. were excluded/ reduced to bring the cost within the sanctioned cost. This action of the Department, not only compromised the quality of work but was also a favour to the contractor.

The Department stated (December 2019) that whenever the contractors displayed laxity, the contracts were rescinded. The works mentioned in audit have been completed satisfactorily by the Department except '*Up-gradation, protective work and carpeting of Gor-Sangtok Road, North Sikkim*'.

The reply is not tenable as additional expenditure of ₹ 12.22 crore to complete the work was not realised from the erring contractors. Besides, it also led to delay in completion of works by more than eight years, besides compromising the quality of execution. The reply does not clarify the reasons for not invoking the penal provisions in contracts.

2.3.10.5.5 Non-realisation of Government revenue

Rule 15.4 of Sikkim Financial Rules expects the Head of Department to ensure that all revenue receipts or other sums due to the Government are promptly assessed, realised and credited to Government account. Further, in terms of SPW Manual (*Para-21.4*), the hire charges shall be recovered at the prescribed rates from and inclusive of the date the plant and machine is made over up to and inclusive of the date of its return in good order excluding the transportation period to and from worksite.

During 2014-19, the Mechanical Wing, RBD leased out departmental machineries (excavators and dozers) for immediate slip clearance and hill cutting for roads works executed by the Divisional offices, contractors and common public. The hire charges

³⁴ (i) Construction of road from Chemchey via Lachithang to Upper Wok, (ii) Construction of road from Power House Intake to Jhakridunga via Milling Ferek and (iii) Up-gradation, protective work and carpeting of Gor-Sangtok Road, North Sikkim.

³⁵ (i) Construction of road from Chemchey via Lachithang to Upper Wok and (ii) Construction of road from Power House Intake to Jhakridunga via Milling Ferek.

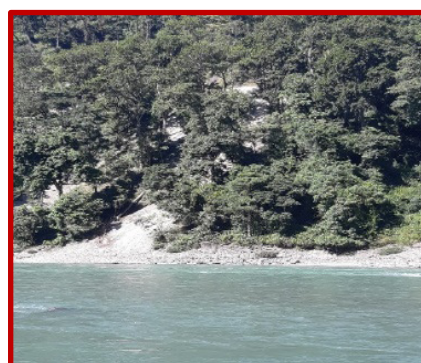
of ₹ 1.64 crore (Contractual: ₹ 28.01 lakh and Departmental: ₹ 1.36 crore) towards leasing out of machines were not realised by the Mechanical Divisional offices. The final bills of the contractors in 46 works had already been paid, and thus possibility of realisation of Government revenue of ₹ 28.01 lakh was remote.

The Department stated (February 2020) that despite best efforts, at times, delay in realisation of revenue occurs due to unavoidable circumstances and assured that the arrear of revenue of hire charges would be realised from all concerned. However, as of June 2020, the Department could not realize the outstanding dues (₹ 1.64 crore).

2.3.10.5.6 Irregular disposal of spoil

According to Forest Conservation Act, 1980, muck and debris generated during hill cutting for construction of roads are to be disposed of at designated dumping site in close coordination with Forest Department.

Audit observed that provision for disposal of spoil (muck and debris) at designated dumping site was not incorporated in the estimates of five projects³⁶ and spoil generated from hill cutting (17,99,331.78 cum) were disposed off down the hill as seen in the photograph. This was not only in violation of Forest Conservation Act, 1980 but could also adversely impact the environment.



Disposal of spoil of Namchi Phong Mamring Road along the hill slope

The Department stated (December 2019) that the contractors have been directed to dispose off the muck at the designated site only and they initiate against erring contractors in case of aberrations noticed by the Department. The procedure will be further improved to safeguard the environment. Further action is awaited (November 2020).

2.3.10.6 Quality and monitoring mechanism

Monitoring and evaluation play an important role in ensuring proper and timely execution of projects, adherence to quality and in yielding the benefits envisaged. Audit observed following deficiencies in ensuring quality control, monitoring and evaluation of projects:

2.3.10.6.1 Inadequate monitoring

(i) Inspection of works not carried out

SPW Manual (Para-5.2 to Para-5.7) stipulated drawing up of quarterly programme for periodical inspection of works by Junior Engineer (JE), Assistant Engineer (AE), Divisional Engineer (DE) and Superintending Engineer (SE). This is to ensure that the

³⁶ 1) Cultural Park to Dhapper Dara (4,275.81 cum), 2) Namchi-Phong-Mamring Road (2,52,175.78 cum), 3) Budang-Chumbong-Chakung Road (9,81,214 cum), 4) Namchi-Sikkip-Wok Road. (5,38,981.02 cum) and 5) Rongpo-Duga Road (22,685.17 cum)

works are executed according to design, drawing and specifications laid down in the contract.

Audit observed that JE, AE, DE and SE had not drawn up quarterly programmes for inspection of works as required under the Manual during 2014-19. No records of inspection conducted or otherwise were available. In absence of records, Audit could not verify whether the execution of works was done as per approved design, drawings and specification.

The Department stated (February 2020) that the system will be further strengthened by drawing up inspection schedule in advance and results of inspection will be documented to ensure verification of remedial/corrective works carried out by the contractors.

(ii) Incomplete Monthly Progress Report

The Department prepared a Monthly Progress Report (MPR) of projects which was periodically submitted to the PCES, RBD. Audit noticed that the MPR did not capture date of commencement, stipulated date of completion in 48 projects, up-to-date position of time extension in any of the 227 projects. Thus, the MPR was incomplete and did not give up-to-date status of works for facilitating effective monitoring.

The Department stated (February 2020) that system will be further strengthened by incorporating required details in complete shape.

(iii) Incomplete inventory of roads

The Department was maintaining Register of Roads as enshrined in SPW Manual (Para 2.28). The Register, however, was not updated as basic information like the date of creation, cost of construction, date of subsequent repairs undertaken, cost of such repairs, details of subsequent up-gradation/improvement undertaken, *etc.* were not recorded. In absence of complete inventory of assets under the Department, regular repair and maintenance and subsequent up-gradation/improvement could not be monitored, in a systematic manner.

While accepting the audit observation, the Department stated (February 2020) that they will update the Register to capture the complete inventory of roads infrastructure.

(iv) Safeguard of Road Reserve not ensured

The State Government (Forest Department) formulated (11 March 2015) the Sikkim Forests, Water Courses and Road Reserve (Preservation and Protection) Rules, 2015 in exercise of powers conferred under the Sikkim Forests, Water Courses and Road Reserve (Preservation and Protection) Act, 1988. The rules *inter-alia* prohibited use of road reserve³⁷ area without written consent of the RBD. Any encroachment to the road reserve shall be evicted in accordance with the provisions of the Sikkim Public Premises (Eviction of unauthorised occupants and rent recovery) Act, 1980.

³⁷ Road reserve is defined as such portion of land lying within such distance from the centre either side of the road as may be recorded in Government record.

Audit scrutiny revealed that RBD had not prescribed the road reserve area for various roads under its control nor devised any mechanism for periodical survey to detect encroachment of road reserve area. This would not only compromise safety but also affect the quality of roads and the width for smooth and safe traffic flow. As a result, RBD could not identify encroachment, if any in the road reserve. In many places' construction had come up close to the roads in road reserve as shown in the photographs below:

		
<p><i>Pakyong-Naopgaon-Barpipal Dara connecting to Pakyong-Chalamthang-Mamring-Tarethang Road, East Sikkim</i></p>	<p><i>Reshi Legship Bermoik Road, West Sikkim</i></p>	<p><i>Cultural Park to Dhapper Dara, South Sikkim</i></p>

The Department stated (December 2019) that efforts will be initiated to declare the road reserve areas alongside the roads after obtaining approval of the Government.

(v) *Non-repair of damaged works by private individuals*

The Department permits the private individuals on the basis of their applications to dig the road on payment of fees ranging between ₹ 300 and ₹ 700. The permission for digging is allowed with the stipulation that the damaged portion of the road should be set properly using of 1:2:4 mix and bitumen patching in presence of the departmental engineers.

Audit observed that the individual applicants did not properly repair the dug portion of roads. There was no evidence of carrying out such repairs in the presence of departmental engineers. Further, during physical verification of 14 patch works, Audit noticed that bitumen mixed was not used in any patch work leading to further deterioration of roads as shown in photograph:



The Departmental Engineers had failed to ensure proper repair by the individual applicants in their presence.

The Department while accepting that in 14 cases, the applicants had not repaired the road properly, assured (December 2019) that in future, proper road repair by the applicants would be ensured.

2.3.10.6.2 Quality control mechanism

Quality control is an important parameter to ensure effective implementation of quality projects and proper utilisation of funds. SPW Manual (*Para 36.1*) provided for constituting an independent quality assurance and technical audit wing under the respective Principal Chief Engineer cum Secretary of Public Works Department.

(i) Inadequate quality control

The Department had not constituted Technical Audit Wing as required under SPW Manual. The MoRTH guidelines require the contractor to setting up a field laboratory with adequate equipments and personnel to carry out all requisite quality tests at his own cost. Further, SPW Manual (Conditions of Contract) also envisages upon the contractor to make necessary arrangements for testing material of cube strength of concrete, crushing strength of road metals, *etc.* at site at the cost of contractors.

Audit observed that field laboratories were not set up in any of the 62 projects for testing material, cube strength of concrete, crushing strength of road metals, *etc.*

The Department had established (2003-04) a Quality Control Laboratory at Tadong, Gangtok at a cost of ₹ 7.32 lakh for quality testing of materials. The laboratory had equipment and facility for carrying out tests such as (i) tests to determine CBR of soils, (ii) aggregate impact value test, (iii) Los Angeles Abrasion test, (iv) cube test to determine compressive strength of cement concrete, (v) swell test to determine the soil index/expansion ratio, (vi) test to determine quality of cement, (vii) test to determine quality of bitumen, *etc.*

It was seen that the RBD had carried out 19 tests relating to cement concrete (17) and aggregate tests (two) during 2014-15. Since 2015-16, no tests were carried out as of September 2019 despite having facility and manpower (six) to conduct such tests.

Thus, there is no assurance of quality in respect of 62 projects executed by the Department in absence of quality tests.

The Department assured (February 2020) that efforts will be initiated to analyse the functioning of the Departmental Laboratory for quality testing of materials, and they will insist on the test results from manufacturer for all the material before utilisation in works.

(ii) Quality test not done for materials procured directly by contractor

SPW Manual (Conditions of Contract) envisages that materials procured by the contractors should not be utilised in works unless required test have been carried out and accepted by the Engineer-in-charge. Despite ban imposed (June 2015) by the State Government, self-procurement of materials amounting to ₹ 16.68 crore³⁸ in 27 projects was allowed to the contractors. The permission was granted with the stipulation that the materials should conform to ISI specification.

Audit scrutiny revealed that neither the contractor made available the samples of self-procured materials for carrying out tests nor the Department sent the materials procured by the contractor for tests/analysis. Thus, the contractors utilised the non-tested materials (cement, steel bars and bitumen) aggregating to ₹ 16.68 crore in works without ensuring their suitability and quality check.

(iii) Pavement works in test patches not done

SPW Manual (Conditions of Contract) envisages that the contractor will execute pavement works in test patches for ensuring quality of materials and for determination of correct methodology before execution of works in complete stretches.

Audit check of 32 (out of 62) projects revealed that the contractor did not carry test patches in pavement works before execution of works in complete stretches. In absence of test patches in pavement works, quality of materials used by the contractor and determination of correct methodology remained unassessed and indicated lack of adequate monitoring by the Department.

2.3.10.7 Road Safety Policy

The National Road Safety Policy (2010) outlines the initiatives to be taken by the Governments at all levels. The Committee on Road Safety monitored by the Supreme Court of India recommended to: (i) hold meeting of the council at least twice in a year, (ii) set up road safety fund, (iii) draw road safety action plan, (iv) investigation of road accident cases by the Transport, Police and Roads and Bridges Department of the State Government to promote road safety.

The State Government constituted (May 2010) Sikkim State Road Safety Council³⁹ to take suitable steps to implement Road Safety Policy and to oversee the works related

³⁸ Cement: 2,46,444 bags @ ₹333/bag, TMT Bar: 1,37,711 qtl. @ ₹49.55/qtl, Bitumen: 8,727 drum @ ₹8,926/drum.

³⁹ Vide Transport Department Notification No.113/MVT dated 13 May 2010.

to road safety. The Council had neither convened any meeting nor issued any direction with regard to road safety despite recorded cases of 1,022 road accidents during 2014-19 in the State. The RBD did not formulate Road safety action plan. Though concerned Sub-divisional offices (six) were assigned the task of road safety, the Department did not carry out assessment of status of road safety, except for identification of black spots.

The State Government released ₹ 13.93 lakh to Transport Department (Motor Vehicle Division) towards Road Safety fund from 2016-17. The fund (₹ 13.93 lakh) was to be incurred towards advertisement (₹ 3.40 lakh), Road Safety equipment (₹ 3.50 lakh), awareness programme (₹ 5.25 lakh) and meeting (₹ 1.78 lakh) during 2016-18. However, during 2018-19, the entire fund (₹ 13.93 lakh) was utilised towards meeting the salary of employees recruited under 'One Family One Job' scheme introduced by the State Government in January 2019.

The Department stated (December 2019) that due to pre-occupation and shortage of trained manpower in the Sub-Division offices, the task of assessing road safety could not be completed in entirety.

2.3.11 Conclusion

The Performance Audit on "Development and Maintenance of Highways and Other Roads in Sikkim" revealed that the RBD required improving its functioning in many areas. During the period 2014-15 to 2018-19, the Department took up 227 projects (142 projects sanctioned during 2014-19 and 85 projects brought forward of prior period) of which they completed 49 projects involving 278.45 kms (New: 28.52 kms and Upgradation: 249.93 kms). The large number of on-going projects showed that the Department had overstretched its own financial resources, not adhered to its commitment and engaged with contractors, who were not in a position to deliver outcomes in time. In the 178 ongoing projects, the Department was unable to furnish the quantum of work completed in kms.

In the absence of an overall State Road Policy and perspective plan, the Department had not prioritized development of highways and other road works, resulting in *ad hoc* allocation of resources.

The Department had not revised the Schedule of Rates since 2012 and the DPR estimates were prepared providing an *ad hoc* escalation provision of 7.5 per cent per annum, which was not in financial interests of the Department.

Against an overall budget of ₹ 1,823.29 crore during the period, the Department spent ₹ 1380.23 crore with savings ranging from 20.3 per cent in 2014-15 to 52.2 per cent in 2016-17. The savings under Capital head of expenditure ranged from 65.4 per cent (2016-17) to 14.5 per cent (2018-19), which indicated that resources earmarked for creation of permanent assets as well as for maintenance works were not fully utilised. Under maintenance head, 76 per cent of expenditure was incurred on wages, leaving very little resources for maintenance work of the roads created so far.

Projects were consistently delayed leading to cost escalation and undue financial burden to the Department. Out of 44 delayed projects, delays in 16 projects were attributable to the Department whereas in seven cases delays were on part of contractors. The Department also frequently changed scope of work, delayed handing over sites to contractors adding to time and cost overrun of projects. Time extension in 15 out of 62 projects selected in audit was sought after expiry of schedule date of completion in violation of codal provisions.

RBD had not conducted any traffic surveys to determine the width, thickness of crust and pavement conditions of roads and technical sanctions given were not in keeping with technical norms prescribed by IRC.

The Department did not carry out survey and investigation work before preparing work estimates resulting in frequent changes in scope of work and consequent revision in cost of works. In 13 projects, the provision earmarked for survey and investigation was diverted to meet cost escalation.

It was also observed that 780 works were sanctioned in 2018-19 for 'Construction of Fair Weather Roads' for an estimated amount of ₹826.39 crore at a uniform standard estimate of ₹49.80 lakh per km for each work, without any survey and investigation in violation of SPW Manual.

The RBD did not ensure adequate publicity to tenders and in 38 out of 62 projects having sanctioned cost more than ₹three crore, the RBD had not resorted to e-tendering in violation of requirements, thereby compromising transparency and competition in tenders. Projects were split among various bidders for ostensible reason of expeditious completion of projects, which was not achieved.

The Department made a provision of WBM III for ₹7.03 crore in estimates of eight projects which was unnecessary. RBD carried out changes in scope of a major upgradation work (*Up-gradation, strengthening and improvement of Pakyong-Chalamthang-Mamring-Tarethang-Rorathang Road*) from single to intermediate lane on the basis of 'verbal instructions from NEC' without approval of competent authority and incurred additional financial burden of ₹33.32 crore. The Department incurred an avoidable excess expenditure of ₹ 64.69 crore on surface up gradation for an item of work which had already been executed earlier and again met from NABARD-NIDA borrowings, increasing avoidable interest burden on the Department. In another case, WBM work of ₹1.34 crore was rendered unfruitful as it was damaged after the work was held up due to shifting of machinery and monsoons.

Despite ban on grant of Mobilisation Advance (MA) to contractors (February 2016), the Divisions gave irregular MA of ₹9.67 crore to contractors in three projects and had not recovered an advance of ten lakhs given to a contractor, where work had not even commenced. In two projects, additional cost of ₹12.22 crore incurred by the Department on incomplete works, was not realised from two contractors. Hire charges amounting of ₹1.64 crore for machinery leased out to other agencies, contractors and private persons remained unrealised.

The Monitoring Mechanism in the Department of projects was deficient. We did not find any schedule of inspection programmes of supervising officers like CE/SE and neither was there any record of inspections if any carried out by them. Similarly, the Monthly Progress Reports submitted by Divisions were incomplete and did not provide up-to-date status of works for effective monitoring. The inventory register of roads maintained by the State did not contain vital information for taking important decisions on the need for regular repair, maintenance or upgradation of various highways and roads in the State.

The RBD did not conduct periodic survey to detect cases of encroachment in reserve areas. It was noticed in some cases that constructions had come up near the roads, jeopardising the safety and riding quality of vehicles.

Quality control of works was not ensured by the Departmental Officers. Field laboratories to test the characteristics of materials to be used at site were not set up by the contractors in any of the 62 projects, in violation of MoRTH guidelines and SPW manual. The Quality Control laboratory set up by the Department at Tadong, Gangtok did not conduct any test of materials used at site since 2015-2016, and hence there is no assurance on the quality and strength of the materials used by the contractors in the 62 projects of the Department. It was also observed that despite ban on self-procurement of materials by the contractors, since June 2015, the RBD allowed materials worth ₹16.68 crore to be brought by contractors in 27 projects on the condition that these should conform to ISI specification. However, audit observed that neither the contractors gave samples of self procured materials for testing nor did the Department send these for testing, raising doubts on the quality and strength of the materials used in the 27 projects. The Quality Control Laboratory was not utilised since 2015-16 for testing of materials used in projects.

The RBD did not formulate any Road Safety Action Plan and the Divisional officers did not carry out any assessment of road safety, neither did the Sikkim State Road Safety Council commence any meeting nor issue any direction on road safety during the period.

2.3.12 Recommendations

- *State Road Policy and Perspective Plan may be framed without further delay, for effective long term planning for construction and maintenance of roads and optimum utilisation of available resources.*
- *Considering the large number of projects taken up without any planning and a substantial number of them being incomplete, the State may prioritise these projects for completion rather than taking up any new projects.*
- *The SOR 2012 requires revision, on priority, especially after introduction of GST, to ensure a sound benchmark for preparing realistic work estimates and to avoid arbitrary cost escalations in works.*

- *The Department may utilise their budget efficiently, especially under Capital section in the interest of long term asset creation in the State. Besides, the allocation under maintenance head should be augmented and used judiciously for the intended purpose. Close monitoring of the budgetary process is required to avoid unnecessary supplementary provisions and savings.*
- *In order to frame realistic estimates to determine road width, crust thickness and pavement quality of road works, RBD may conduct road traffic survey/census. Besides, the estimates should be based on actual site attributes, rather than being uniform for the entire State as being done in case of Fair Weather Roads.*
- *Estimates should be prepared after proper Survey and Investigation Work, to avoid arbitrariness, change in scope of work and avoidable cost escalation.*
- *In order to ensure transparency, competition and fair play in selection of contractors, NITs should be given adequate publicity as mandated under SPW Manual, including e tendering..*
- *Responsibility should be fixed for non-imposition of penalty on contractors for delays in completion of works attributable to contractors as well as payment of MA against provisions and sincere efforts made to realize the balance MA. Similarly, detailed investigation may be carried out in cases where undue advantage was given to contractors and estimates were changed arbitrarily.*
- *In order to ensure the quality of projects executed by the Department, the internal monitoring mechanism needs to be strengthened by proper documentation and by ensuring regular inspections by supervisory officers. Periodic review of projects needs to be intensified for ensuring timely completion of projects.*
- *The Department may also maintain kilometre-wise status of physical progress of works for better monitoring.*
- *The Government/ Department may consider five years' maintenance of roads proposed for construction, being embedded in the Request for Proposal (RFP) and estimates itself, as prevalent in Ministry of Road Transport and Highways, Government of India, for National Highways.*
- *Adequate quality checks should be ensured for materials brought to site and the Quality Control Laboratory at Tadong, Gangtok, be utilised for conducting such tests.*

Compliance Audit Paragraphs

PUBLIC HEALTH ENGINEERING DEPARTMENT

2.4 Avoidable expenditure

Delay in acquisition of land for sewerage plant at Rangpo led to avoidable extra expenditure of ₹ 1.82 crore

Para 5.1 of the Sikkim Public Works (SPW) Manual, 2009 envisages that on receipt of technical sanction to the estimate, action should be immediately initiated for taking possession of land acquired by the Government for the purpose. Further, Para 10.4 of the Manual provides that before approval of NIT, availability of site should be ensured. Thus, prior to commencement of any project/ work, availability of encumbrance free land for implementation of project/ work is essential to facilitate timely commencement and completion of the project/work.

Land Revenue and Disaster Management Department (LRDMD) was responsible for acquisition of land required by Government departments and other agencies for implementation of various projects/works. For acquisition of land required by any department/agency, timely requisition should be made to the LRDMD by the concerned department/agency in Form “A” duly indicating the purpose of acquisition, revenue block where land was located, total area of land required, *etc.*

In Sikkim, earlier, the Land Acquisition (LA) Act of 1894 was being followed but from October 2015, the land acquisition is being done as per “The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLRR) Act, 2013”. Processes followed and the timelines for land acquisition under Land Acquisition Act 1894 were (a) issue of preliminary notice under Section 4, (b) Declaration to be made under Section 6 that particular land is needed for a public purpose and (c) Award to be made under Section 11 within two years from declaration under Section 6.

Ministry of Urban Development, GoI sanctioned the project “**Setting up of Sewerage Facility and Construction of Sewerage Plant at Rangpo and Surrounding Areas**” at a total cost of ₹4.94 crore in January 2009 under Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT), to be implemented by Public Health Engineering Department (PHED). The project cost was to be shared between GoI and the State Government on 90:10 basis.

Scrutiny of records revealed (January 2019) that the civil work with estimated cost of ₹2.03 crore was awarded to a Rangpo based contractor in March 2009 with stipulated period of completion of two years *i.e.* by February 2011. The PHED without legally acquiring the land, commenced (March 2009) the project based on verbal permission from the concerned land owners to carry out the construction work on their land. After a lapse of more than two years from the date of issue of work order, the PHED approached (December 2011) LRDMD for assessment and inspection of land for the

project. It was seen that while the work was under progress, one land owner⁴⁰ brought the matter of encroachment of his land to the notice of the PHED on several occasions⁴¹, however, the PHED did not take any timely action to acquire the land legally, and instead delayed the land acquisition. No reason for delay in forwarding of application in prescribed form to LRDMD by the PHED was on records.

In the meantime, the GoI enacted “The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLRR) Act, 2013”, which took effect from 1 January 2014, by repealing the existing Land Acquisition Act, 1894. The Government of Sikkim implemented the Act of 2013 in the State with the publication (13 October 2015) of “The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Sikkim) Rules, 2015”.

Audit noticed that after a lapse of seven years from commencement (March 2009) of the project, PHED requested LRDMD only in February 2016 for acquisition of land of two individuals⁴². Accordingly, the Collector, East District assessed (September 2016) land compensation for land measuring 0.0764 hectares (8223.63 sqft) @ ₹1182.68 per sqft. valuing ₹2,05,98,711/- under new RFCTLRR Act, 2013. The payment of compensation was finalised and released to land owners out of State’s own budgetary resources in March 2018, whereas had the land been acquired earlier in October 2012, cost of the same would have been @ ₹208 per sqft for land under Land Acquisition Act, 1894 (as assessed by the LRDMD).

Had the PHED taken action for acquisition of land prior to the commencement of the project in 2009 or immediately thereafter, the assessment of the land compensation could have been made as per LA Act, 1894 with lesser prevailing market rates as well as less solatium.

Thus, due to delay on the part of the PHED to submit requisition for land acquisition to the LRDMD and consequential assessment of compensation of land as per new RFCTLRR Act, 2013 had resulted in avoidable expenditure of ₹1.82 crore on land compensation.

While accepting the audit observation, the PHED stated (January 2020) that to complete the project within the stipulated period of two years (February 2011) given by the GoI while sanctioning the project, the work had commenced after obtaining verbal permission from land owners to carry out the work on their land, however, taking the advantage of new Act, land owners claimed the land compensation as per new Act. It was further stated that the request for acquisition of land was submitted in August 2013 and the LRDMD through the Collector, East District assessed the compensation in September 2016.

Reply of the PHED is not acceptable as work order was issued without availability of encumbrance free land violating Para 5.1 and 10.4 of the SPW Manual, 2009. Further,

⁴⁰ *Mr. Milan Silwal of Rangpo.*

⁴¹ *February 2013, November 2013, January 2014, October 2014 and March 2016.*

⁴² *Mr. Milan Silwal and Mrs. Ambika Silwal of Rangpo*

PHED had hugely delayed the land acquisition proceeding, knowing very well that a new land acquisition Act was likely to be enacted, which would increase the cost of acquisition of land for the project.

Recommendation: The State Government may fix responsibility for lapses in land acquisition and resultant extra expenditure.

TOURISM AND CIVIL AVIATION DEPARTMENT (Asian Development Bank Project)

2.5 Non imposition of liquidated damages on contractor for delayed work

The Tourism and Civil Aviation Department delayed timely completion of work “Widening and Strengthening of Ranka-Sajong Road and providing Wayside Amenities along Road in East Sikkim” under ADB funded project. They did not penalise the contractor as per terms and condition of Contract, depriving the public of intended benefit of the work and created a liability of ₹6.65 crore on the State exchequer on account of the re-awarded work.

Good infrastructure is prerequisite for attracting tourists in a sustainable manner. South Asian Tourism Infrastructure Development Project (SATIDP) of Asian Development Bank (ADB) aimed at improving connectivity to tourist destinations by creating tourist infrastructure on selected high-priority sub-regional tourism circuits in South Asia. The State Government implemented the project “Widening and Strengthening of Ranka-Sajong Road and providing Wayside Amenities along Road in East Sikkim” under SATIDP. The implementation of this project lied with the Project Director, Project Management Implementation Unit (PMIU), Department of Tourism and Civil Aviation, Government of Sikkim. The SMEC International Private Limited was appointed (August 2011) as consultant for project design and management, supervision and monitoring of work, carrying out quality control activities, preparing and certifying the Contractor’s Bill *etc.*

The work was awarded (April 2013) to one contractor⁴³ at a cost of ₹14.35 crore with a scheduled date of completion of 15 November 2015. The State was to bear 22.5 *per cent* of the cost and the ADB would fund the rest. The scheduled completion date was later extended (July 2017) to 15 September 2017 and the contract amount was revised to ₹10.54 crore due to curtailment in scope of work.

Clause 46.1 of the General Conditions of contract entered into with the contractor envisaged that in the event of the contractor failing to comply with the intended time of completion for the whole of the works, or if applicable, any section of work within the relevant time, then the contractor shall pay liquidated damages to the Department at the rate of 0.05 *per cent* of the final contract price per day. The maximum amount of liquidated damages for the whole work was 10 *per cent* of the final contract price.

⁴³ *Shri. T. Lachungpa*

Scrutiny of records of PMIU in October 2018 revealed that during the course of execution of the project, the Consultant brought (November 2014, January 2015, March 2016 etc.) to notice of PMIU that the contractor failed to mobilise adequate manpower/equipment right from the very beginning of the work, failed to meet the prescribed technical specifications time and again, ignored instructions of the Consultants and the PMIU, withdrew manpower from the site of work time and again without informing the PMIU, did not care to establish labs and testing facilities at the site of work as required under the terms of contract, delayed getting samples tested from recognised institutions etc.

As work could not be completed even by revised scheduled date of completion, the Department terminated the contract in March 2018 and final payment of ₹ 5.41 crore (ADB contribution ₹4.19 crore + State contribution ₹1.22 crore) was made to the contractor without initiating any penal action against him. The cost of incomplete portion of work (around 45 per cent) amounting to ₹ 5.13 crore (tender value ₹ 10.54 crore – amount paid for work done ₹5.41 crore) was revised to ₹ 7.80 crore in April 2018, which was entirely to be borne by the State Government from its own resources. The remaining work was awarded (May 2018) to a new contractor with a stipulated date of completion by November 2018 and as of April 2019, 45 per cent of the work was still incomplete.

Hence, failure of the Department to take timely action on the observations of the Consultant, resulted in the incomplete work and resultant liability of ₹6.65⁴⁴ crore besides the delay in achieving intended benefits of the work. The Department failed to take penal action against the defaulting contractor by not imposing liquidated damages to the tune of ₹72.74 lakh on the contractor.

The Department in its reply stated (December 2019) the reasons behind the delay in execution of the work and subsequent termination of contract; however, it was silent on the matter of non-imposition of liquidated damages on the defaulting contractor.

Recommendation: The State Government may conduct an enquiry in this case to fix responsibility for the deficiencies noticed and the release of entire payment to the contractor, without imposing any penalty on the agency.

⁴⁴ ₹7.80 crore - ₹1.15 crore (22.5 per cent of ₹5.13 crore, which was to be borne by the State as per SATIDP funding pattern)

Chapter III
Economic Sector
(Public Sector Undertakings)

CHAPTER III: ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

3.1 Functioning of State Public Sector Undertakings (PSUs)

3.1.1 Introduction

The Public Sector Undertakings (PSUs) consist of the State Government Companies and Statutory Corporations. The PSUs are established to carry out economic and commercial activities for the overall development of the State and its people. As on 31 March 2019, there were 16 PSUs (12 working Government Companies and four working Statutory Corporations) under the audit purview of the Comptroller and Auditor General of India (CAG). Besides, there were six non-working PSUs for which audit entrustment had not been extended to CAG by the State Government as detailed in **Paragraph 3.1.10**. The details of the PSUs in Sikkim as on 31 March 2019 are given in **Table 3.1.1** below.

Table 3.1.1: Total number of PSUs as on 31 March 2019

Type of PSUs	Working PSUs
Government Companies registered under Sikkim Registration of Companies Act, 1961	08 ⁴⁵
Government Companies registered under Companies Act, 2013	04 ⁴⁶
Statutory Corporations	04
Total	16

None of the 12 working Government companies were listed on the stock exchange. During the year 2018-19, no new PSU was incorporated and no existing PSU was closed down.

3.1.2 Investment in PSUs

3.1.2.1 State Governments investment in PSUs

The State's investment in its PSUs was by way of share capital and long term loans. As on 31 March 2019, the investment of the State Government (capital and long-term loans) in 16 PSUs amounted to ₹ 48.21 crore⁴⁷ as detailed in **Table 3.1.2**:

Table 3.1.2: Details of total investment in 16 PSUs

Year	Equity Capital	Long Term Loans	Total Investment
2018-19⁴⁸	46.18	2.03	48.21
2014-15	89.34	2.03	91.37

(₹ in crore)

⁴⁵ Audited by CAG on entrustment basis under section 20(1) of CAG (DPC)'s Act 1971

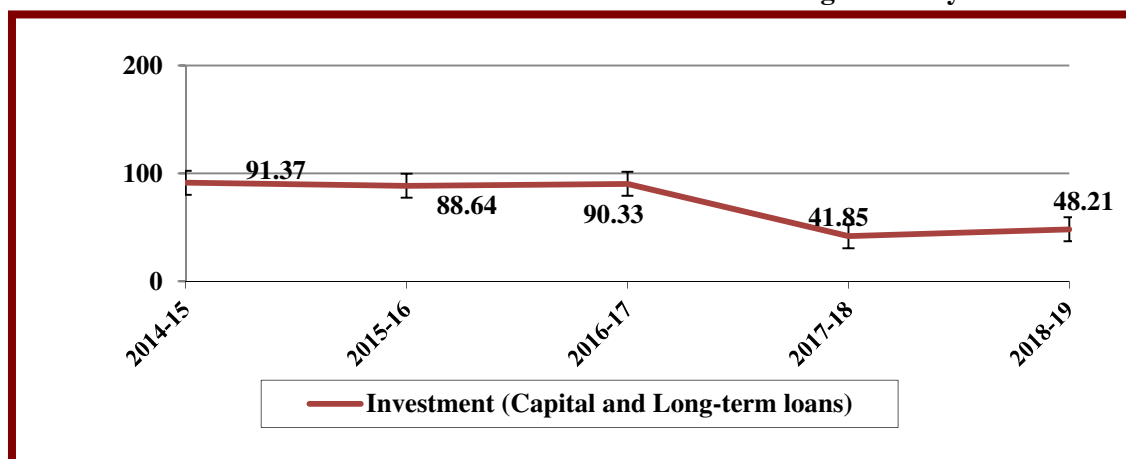
⁴⁶ The Companies Act 2013 and the erstwhile Companies Act, 1956 had not been extended to the State of Sikkim. Hence, these four companies have their registered offices in New Delhi and Darjeeling (West Bengal).

⁴⁷ The investment figures are provisional and as provided by the PSUs except two PSUs (Sl. No. A8 and A9 of Appendix 3.1.1) for which investment figures have been adopted from their finalised accounts for 2018-19.

⁴⁸ The decrease was due to liquidation of six PSUs

As can be noticed from the **Table** above, the investment of State Government in PSUs as of 2018-19 consisted of 95.79 *per cent* towards capital and 4.21 *per cent* in long term loans. The investment had decreased by 47.24 *per cent* from ₹ 91.37 crore (2014-15) to ₹ 48.21 crore (2018-19) as shown in **Chart 3.1** below:

Chart 3.1
Status of State Government investment in PSUs during last five years



This reduction in State’s investment was mainly due to liquidation of six⁴⁹ PSUs involving aggregate investment of ₹ 51.20 crore.

3.1.2.2 Sector-wise investment in PSUs

The details of combined investment by the State Government and other stakeholders (Central Government, holding companies, Banks, Financial institutions, etc.) in PSUs under various important sectors at the end of 31 March 2015 and 31 March 2019 have been given in **Table 3.1.3** below:

Table 3.1.3: Sector-wise investment in PSUs

(₹ in crore)

Name of Sector	Government Companies		Statutory Corporation		Total Investment	
	2014-15	2018-19	2014-15	2018-19	2014-15	2018-19
Power	121.10	17,798.82	0.00	0.00	121.10	17,798.82
Finance	45.16	38.61	0.58	68.14	45.74	106.75
Service	6.76	6.46	1.61	1.61	8.37	8.07
Infrastructure	158.44	358.48	0	0	158.44	358.48
Manufacturing	43.13	0	12.50	0	55.63	0
Agriculture & Allied	3.60	1.15	0	0	3.60	1.15
Total	378.19	18,203.52	14.69	69.75	392.88	18,273.27

It may be seen from **Table 3.1.3** that during 2018-19, the thrust of PSU-investment was mainly in power sector companies⁵⁰, which constituted more than 97 *per cent* of the total investment (₹ 18,273.27 crore) in the PSUs. During the period of five years (2014-15 to 2018-19), investment in power sector PSUs has increased by ₹ 17,677.72 crore from

⁴⁹ Sikkim Floor Mills Limited (₹ 2.44 crore), Chandmari Workshop and Automobiles Limited (₹ 0.30 crore), Sikkim Jewels Limited (₹ 14.47 crore), Sikkim Times Corporation (₹ 23.49 crore), Sikkim Precision Industries Limited (₹ 4.39 crore), Sikkim Mining Corporation (₹ 6.11 crore).

⁵⁰ Serial No. A-8,9,10 and 11 of Appendix 3.1.1

₹ 121.10 crore (2014-15) to ₹ 17,798.82 crore (2018-19). The investment in power sector PSUs had mainly increased due to addition of ₹ 13,428.26 crore against 'equity capital' and 'long term loans' of two new power sector PSUs⁵¹, which were covered under the definition of a State Government Company in August 2015.

3.1.3 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per the records of PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case, the figures do not agree the Finance Department and the PSUs concerned should carry out reconciliation of differences in figures. The position in this regard as of 31 March 2019 is given in **Table 3.1.4**.

Table 3.1.4: Variation between Finance Accounts and records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	50.19	46.18	4.01
Loans	37.03	2.03	35.00
Guarantees	3000.47	427.33	2573.14

As on 31 March 2019, there were unreconciled differences in the figures of equity (₹ 4.01 crore), loan (₹ 35 crore) and guarantee (₹ 2573.14 crore) as per two sets of records. The differences in equity occurred in respect of 8 PSUs⁵². Further, the difference in guarantee figures related to three PSUs namely Sikkim Industrial Development and Investment Corporation Limited, Sikkim Power Investment Corporation Limited and State Trading Corporation of Sikkim.

As regards Loan figures, Audit noticed that the Finance Department disburses the loans to various Departments of the State Government for different sectoral activities and booked the amount sector-wise in the Finance Accounts. In turn, the Departments disburse these loans to respective PSUs functioning under their administrative control. Hence, PSU-wise figures of State Government loans provided to various PSUs not available in the State Finance Accounts. The State Government loan (₹ 37.03 crore) booked in the Finance Accounts pertained to the PSUs⁵³ under Infrastructure (₹ 2.03 crore) and power sector (₹ 35.00 crore).

Though the process of reconciliation of these differences have been initiated (September 2018) by the Office of the Sr. Deputy Accountant General (A&E), Sikkim in consultation with the Finance Department, Government of Sikkim and PSUs concerned, no significant progress has been achieved in this regard.

The State Government and the PSUs concerned may take concrete steps to reconcile the differences in a time-bound manner. The Government should correct the system of

⁵¹ Teesta Urja Limited (equity: ₹3,205.39 crore; long term loans: ₹8,830.06 crore) and Teestavalley Power Transmission Limited (equity: ₹373.89 crore; long term loans: ₹1,018.92 crore).

⁵² PSUs at Sl. Nos. A.1, A.2, A.4, A5, A7,A10, A11 and A12 of **Appendix 3.1.1**

⁵³ A5 to A7 (Infrastructure sector) and A8 to A11 (Power sector) of **Appendix 3.1.1**

financing the PSUs and the Finance Accounts be updated.

3.1.4 Special support and guarantees to PSUs during the year

The State Government provides financial support to PSUs in various forms through annual budgetary allocations. The details of budgetary outgo towards equity, loans, grants/ subsidies, loans written-off and interest waived along with the position of guarantee in respect of PSUs are given in **Table 3.1.5** for three years ended 2018-19.

Table 3.1.5: Details regarding budgetary support to PSUs

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	0	0	0	0	2	6.02
2.	Loans given from budget	0	0	0	0	0	0
3.	Grants/Subsidy from budget	1	0.11	2	11.60	2	10.79
	Total	1	0.11	2	11.60	2	16.81
4	Waiver of loans and interest	1	13.41	1	0.06	1	0.14
5	Guarantees issued	2	65.78	2	133.04	3	342.33
6	Guarantee Commitment	3	81.83	2	71.74	2	117.33

It may be seen from **Table 3.1.5** above that budgetary outgo to PSUs has increased from ₹ 0.11 crore (2016-17) to ₹ 16.81 crore (2018-19) during the period from 2016-17 to 2018-19. During 2018-19 the State Government infused equity amounting to ₹ 6.02 crore in two PSUs namely Namchi Smart City Limited (NSCL) and Sikkim Power Development Corporation Limited (SPDC). The State Government did not provide any loans to PSUs during the three year period.

In 2017-18, the State Government provided grants amounting to ₹ 11.60 crore to two PSUs (namely Temi Tea Estate: ₹ 10.93 crore and Government Fruits Preservation Factory: ₹ 0.67 crore). During 2018-19, the recipients of Government grants (₹ 10.79 crore) included Temi Tea Estate (₹ 8.79 crore) and Namchi Smart City Limited (₹ 2 crore). It can be noticed from Table 3.1.4 above that during 2018-19, the Guarantee commitment increased by ₹ 45.59 crore from ₹ 71.74 crore (2017-18) to ₹ 117.33 crore (2018-19). As on 31 March 2019, the Guarantee commitment stood at ₹ 117.33 crore against two PSUs⁵⁴.

3.1.5 Accountability framework

The Companies Act, 2013 and the erstwhile Companies Act, 1956 had not been extended to the State of Sikkim. Out of 12 Government Companies existing in the State of Sikkim, four companies were registered under the Companies Act, 1956/2013 while remaining eight were registered under the 'Registration of Companies Act, Sikkim, 1961'.

The four companies registered and governed by the Companies Act, 2013/1956 included Teesta Urja Limited (TUL), Teestavalley Power Transmission Limited (TPTL), Namchi Smart City Limited (NSCL) and Gangtok Smart City Development Limited (GSCDL).

⁵⁴ serial no,A-5 and A-14 of Appendix 3.1.1.

During the year 2015-16, one State Government Company⁵⁵ acquired 51 *per cent* of equity share capital of TUL, which is the Holding company of TPTL. The other two companies (NSCL and GSCDL) were incorporated during 2016-17 and 2017-18 by the State Government under the Companies Act, 2013 with headquarters in Darjeeling, West Bengal. Thus, all these four companies are covered under the definition of State Government company owned and controlled (directly or indirectly) by the State Government.

3.1.5.1 Statutory Audit/Supplementary Audit

The accounts of eight State Government Companies registered under the 'Registration of Companies Act, Sikkim, 1961' are audited by Statutory Auditors (Chartered Accountants) directly appointed by the Board of Directors (BoDs) of the respective Companies. In addition to the statutory audit conducted by the Statutory Auditors, supplementary audit of these Companies were being conducted by the Comptroller and Auditor General of India (CAG) on the request of the Governor of the State under Section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The accounts of four Companies registered under the Companies Act, 2013/1956 are audited by Statutory Auditors (Chartered Accountants) who are appointed by the CAG. In addition to the statutory audit conducted by the Statutory Auditors, supplementary audit of these Companies is conducted by the CAG under Section 143 (6) (a) of the Companies Act, 2013⁵⁶.

Besides, there are four Statutory Corporations in the State, namely, State Bank of Sikkim, State Trading Corporation of Sikkim, Government Fruit Preservation Factory and Temi Tea Estate established under the proclamation of the erstwhile Chogyal (King) of Sikkim. The accounts of these Corporations are audited by the Chartered Accountants directly appointed by the Board of Directors (BoDs) of the respective Corporations. Supplementary Audit of these Corporations was taken up by CAG under Section 19 (3)⁵⁷ of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

3.1.5.2 Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs through its administrative departments. The Government appoints the Chief Executives and Directors on the Board of these PSUs.

The State Legislature also monitors the accounting and utilisation of Government investments in the PSUs. For this purpose, the Annual Accounts of the State Government Companies together with the Statutory Auditors report and Separate Audit Reports of CAG are required to be placed before the Legislature under Section 20 (1) of the

⁵⁵ *Sikkim Power Investment Corporation Limited*

⁵⁶ *The audit of accounts of the Government Companies from the financial year 2014-15 onwards is governed by the Companies Act, 2013.*

⁵⁷ *Based on the entrustment/ request for the audit of the accounts of these corporations from the Governor of the State from time to time.*

Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The Annual Reports of four Government Companies incorporated under the Companies Act, 2013/1956 together with the Statutory Auditors Reports and comments of CAG thereon are to be placed before the legislature under section 396 of the Companies Act, 2013. Similarly, the Annual Reports of the Statutory Corporations along with the Separate Audit Reports of CAG are required to be placed before the Legislature as per the stipulations made under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

3.1.6 Arrears in Finalisation of accounts

In respect of four companies registered under the Companies Act, 2013/1956, the financial statements of the companies are required to be finalised within six months of the end of the financial year *i.e.* by September end in accordance with the provisions of Section 96(1) of the Companies Act, 2013. Failure to do so may attract penal provisions under Section 99 of Companies Act, 2013.

As regards eight companies registered under the Registration of Companies Act, Sikkim 1961 and four Statutory Corporations, there is no stipulated timeframe for finalisation of financial statements in their respective governing Acts.

Table 3.1.6 provides the details of progress made by PSUs in finalisation of their accounts as of 30 September 2019.

Table 3.1.6: Position relating to finalisation of accounts of PSUs

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Number of Working PSUs	9	12	12	16	16
2.	Number of accounts finalised during the year	3	8	14	7	39
3.	Number of accounts in arrears	27	31	29	45 ⁵⁸	22
4.	Number of Working PSUs with arrears in accounts	9	8	9	13	12
5.	Extent of arrears (numbers in years)	1 to 6	1 to 7	1 to 8	1 to 9	1 to 6

As can be seen from **Table 3.1.6**, the arrear of accounts of PSUs had decreased substantially due to finalisation of arrears accounts by four PSUs⁵⁹ during the year. As on 30 September 2019, a total of 22 accounts of 12 PSUs were pending for finalisation. The highest pendency of six accounts pertained to 'Sikkim Livestock Processing and Development Corporation Limited', which had not finalised its accounts after 2012-13.

The delays in finalisation of accounts were mainly due to delay in compilation/ adoption of accounts by the Board of Directors of the respective PSUs. The administrative departments of the PSUs concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts of these PSUs are finalised and adopted within the stipulated period. The departments concerned were informed regularly (on

⁵⁸ Including arrears of seven accounts of two PSUs (serial no. B15 and B16 of **Appendix 3.1.1**) added during 2017-18.

⁵⁹ A-1,A-2,B-15 & B-16 of **Appendix 3.1.1**.

quarterly basis) about the arrears in finalisation of accounts by these PSUs. As a result, there was significant reduction in arrears of accounts during 2018-19 as compared to previous year.

3.1.7 Placement of Separate Audit Reports

The position depicted in **Table 3.1.7** shows the status of placement of Separate Audit Reports (SARs) issued by the CAG (up to 30 September 2019) on the accounts of Statutory Corporations in the State Legislature.

Table 3.1.7: Status of placement of SARs in Legislature

Sl. No.	Name of Statutory Corporations	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		Reasons for delay
			Year of SAR	Date of issue to the Management/ Government for printing	
1	State Bank of Sikkim	2016-17	-	-	-
2	State Trading Corporation of Sikkim	2016-17	2017-18	30 September 2019	-
3	Government Fruit Preservation Factory	*	2011-12 to 2017-18	02 May 2019	Not furnished.

*Corporation submitted its seven accounts (first accounts for 2011-12 to 2017-18) for audit only in January 2019.

Timely placement of SARs in the State Legislature is important to ensure timely reporting on the functioning of the Corporation to the stakeholders and fix accountability of the Management for its performance. However, it can be noticed from the **Table** above that total seven SARs relating to one Corporation (GFPPF) were pending for placement for more than seven months since issued to the State Government without intimating the reasons for this delay.

Recommendations:

- *The State Government may set up a special cell to oversee the clearance of arrears and set the targets for individual PSUs, which may be monitored by the cell;*
- *The State Government may ensure that existing vacancies in the accounts department of PSUs are timely filled up with persons having domain expertise and experience;*
- *The PSUs may get the figures of equity and loans reconciled with the State Government Departments and arrear of accounts are cleared.*

3.1.8 Performance of PSUs as per their latest finalised accounts

The financial position and working results of working Government companies and Statutory Corporations are detailed in **Appendix 3.1.1**. A ratio of PSUs turnover to Gross State Domestic Product (GSDP) shows the extent of PSUs activities in the State economy. **Table 3.1.8** provides the details of working PSUs turnover and GSDP for a period of five years ending 2018-19.

Table 3.1.8: Details of PSUs turnover vis-a vis State GDP

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover ⁶⁰	149.28	178.81	185.64	290.83	2,119.51
GSDP ⁶¹	15,407	18,034	20,687	23,495	26,786
Percentage of PSUs Turnover to GSDP	0.97	0.99	0.90	1.24	7.91

Source: GSDP- MoSPI, (GSDP for years 2017-18 and 2018-19 are Provisional figures and Quick estimates respectively)

As can be noticed from **Table 3.1.8**, the PSU-turnover as well as GSDP have shown increasing trend during the period of five years from 2014-15 to 2018-19. During 2018-19, an extra ordinary growth of more than six fold (₹ 1,970.23 crore) in PSU-turnover was recorded mainly due to increase of ₹ 1,568.98 crore in the turnover of one power sector PSU⁶² during the year. This had correspondingly increased PSU-turnover to GSDP from 1.24 per cent (2017-18) to 7.91 per cent (2018-19).

3.1.8.1 Key parameters

Some other key parameters of PSUs performance as per their latest finalised accounts as on 30 September of the respective year are given in **Table 3.1.9** below.

Table 3.1.9: Debt Turnover Ratio relating to the PSUs of the State

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt	273.25	8,936.15	12,225.77	14,080.24	13,284.89
Turnover ⁶³	149.28	178.81	185.64	290.83	2,119.51
Debt-turnover Ratio	1.83:1	49.98:1	65.86:1	48.41:1	6.27:1
Interest Payments	18.55	176.90	338.11	474.89	1,533.90
Accumulated losses	19.67	328.73	798.14	756.05	2,089.94

Debt-Turnover Ratio

A low debt-to-turnover ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR can signal of having too much of debt against the income of PSUs from core activities. Thus, the PSUs having lower DTR are more likely to comfortably manage their debt servicing and repayments.

PSU Debt

During the period of five years, the PSUs debt had registered an overall increase of ₹ 13,011.64 crore from ₹ 273.25 crore (2014-15) to ₹ 13,284.89 crore (2018-19). Major portion of PSU debts during 2018-19 amounting to ₹ 12,630.33 crore (95.07 per cent) pertained to three power sector PSUs⁶⁴.

⁶⁰ Turnover of working PSUs as per the latest finalised accounts as of 30 September of respective year.

⁶¹ Source: Department of Economic, Statistics, Monitoring and Evaluation, Government of Sikkim.

⁶² The power sector PSU (Teesta Urja Limited) had started the commercial activities in February 2017. The Company had registered the turnover of ₹ 1,613.52 crore as per its accounts (2018-19) finalised as on 30 September 2019 as compared to the turnover of ₹ 44.54 crore as per its accounts (2016-17) finalised as on 30 September 2018.

⁶³ Turnover of working PSUs as per their latest finalised accounts as on 30 September of respective year.

⁶⁴ Teesta Urja Limited (₹ 8,830.06 crore), Sikkim Power Investment Corporation Limited (₹ 2,781.35 crore) and Teestavalley Power Transmission Limited (₹ 1,018.92 crore).

Further, during 2018-19, the PSU Turnover had also shown growth of ₹ 1,828.68 crore from ₹ 149.28 crore (2014-15) to ₹ 2,119.51 crore (2018-19) mainly due to appreciation of ₹ 1,619.58 crore in the turnover of two power sector PSUs⁶⁵ from ₹ 1,695.05 crore (2018-19) as compared to ₹ 75.47 crore (2017-18) after commencement of their operations. Resultantly, the DTR of PSUs has correspondingly improved from 48.41:1 (2017-18) to 6.27:1 (2018-19).

During last five years (2014-15 to 2018-19), the accumulated losses of PSUs had registered an overall increase of ₹ 2,070.27 crore from ₹ 19.67 crore (2014-15) to ₹ 2,089.94 crore (2018-19). Major portion (₹ 2,083.55 crore) of these accumulated losses (₹ 2,089.94 crore) was contributed by four power sector PSUs.

3.1.8.2 Erosion of capital due to losses

The aggregate paid-up capital and accumulated losses of 16 working PSUs as per their latest finalised accounts as on 30 September 2019 were ₹ 3,693.83 crore and (-) ₹ 2,089.94 crore respectively (*Appendix 3.1.1*), which included accumulated losses (₹ 5.53 crore) of four⁶⁶ PSUs which did not have any capital. Return on Equity (RoE) of five⁶⁷ out of 12 PSUs was 15.10 percent while three⁶⁸ PSUs was negative. The accumulated losses (₹ 902.01 crore) of remaining four⁶⁹ PSUs had completely eroded their paid up capital (₹ 68.50 crore) and hence, RoE of these PSUs was not workable. The primary erosion of paid up capital was in respect of two PSUs as detailed in the **Table 3.1.10** below:

Table 3.1.10: PSUs with primary erosion of paid up capital

(₹ in crore)

Name of PSU	Latest finalised accounts	Paid up capital	Accumulated losses
Sikkim Power Investment Corporation Limited	2017-18	0.01	782.84
Sikkim Power Development Corporation Limited	2017-18	67.34	115.44

Accumulation of huge losses by these PSUs had eroded public wealth, which is a cause of serious concern and the State Government needs to review the working of these PSUs to either improve their profitability or close their operations.

The overall position of losses incurred by the working PSUs from 2014-15 to 2018-19 as per their latest finalised accounts as of 30 September of the respective year has been depicted below in **Chart 3.2**.

⁶⁵ Teesta Urja Limited and Teesta valley Power Transmission Limited

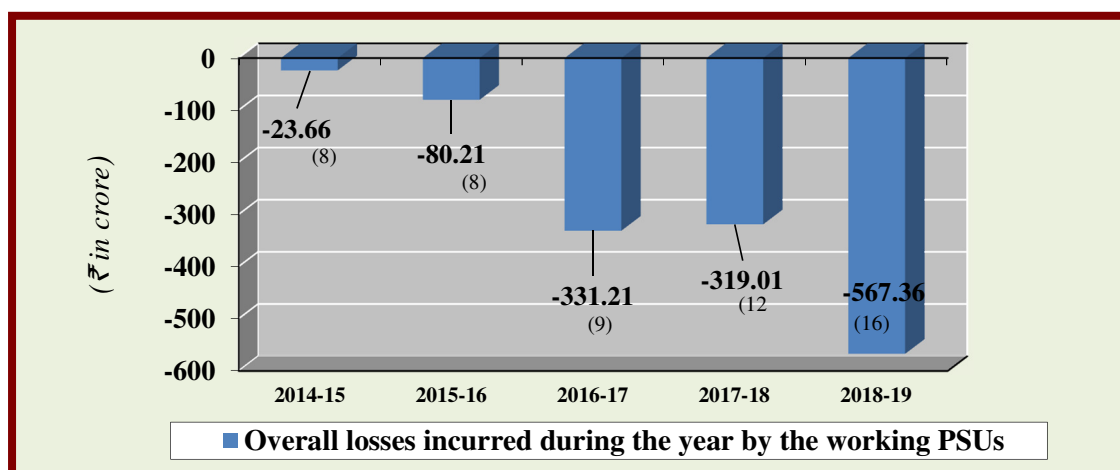
⁶⁶ A1, A6, B15 and B16 of Appendix 3.1.1

⁶⁷ A4, A5, A12, B13 and B14 of Appendix 3.1.1

⁶⁸ A7, A8 and A9 of Appendix 3.1.1

⁶⁹ A2, A3, A10 and A11 of Appendix 3.1.1

Chart 3.2: Overall losses of working PSUs



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

From the **Chart** above, it can be seen that the working PSUs incurred losses during all the five years under reference. These losses of working PSUs during five years were mainly attributable to heavy losses incurred by the power sector PSUs during these years, which ranged between ₹ 16.64 crore (2014-15) and ₹ 582.72 crore (2018-19).

During the year 2018-19, out of 16 working PSUs, seven⁷⁰ PSUs earned an aggregate profit of ₹ 15.75 crore, while nine PSUs incurred loss of ₹ 583.11 crore. The details of major contributors to overall profits and losses of working PSUs are given in **Table 3.1.11** below:

Table 3.1.11: Major contributors to profits and losses of working PSUs

(₹ in crore)

Name of PSUs	Latest finalised accounts	Profit (+)/ loss (-)
Contributors to losses		
Teesta Urja Limited	2018-19	(-) 313.06
Sikkim Power Investment Corporation Limited	2017-18	(-) 235.45
Sikkim Power Development Corporation Limited	2017-18	(-) 31.67
Total		(-) 580.18
Contributors to profits		
State Bank of Sikkim	2017-18	(+) 12.92
Sikkim Industrial Development and Investment Corporation Limited	2017-18	(+) 2.22
Total		(+) 15.14

3.1.8.3 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures the long term profitability and efficiency of the total capital employed by a company. Companies create value when they generate returns on the capital employed. ROCE is an important decision

⁷⁰ A4, A5, A12, B13, B14, B15 and B16 of Appendix 3.1.1

metric for long term lenders. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed⁷¹.

During 2018-19, the overall Capital Employed in 16 working PSUs as per their latest accounts was ₹ 15,006.94 crore while the ROCE of the PSUs ranged from (-) 44.41 per cent (Sikkim Power Development Corporation) to (+) 9.95 per cent (Teesta Urja Limited). Further, out of 16 working PSUs, only eight PSUs⁷² had positive ROCE (*Appendix-3.1.1*).

3.1.9 Return on Investment on the basis of Present Value of Investment

The Rate of Real Return (RoRR) measures the profitability and efficiency with which equity and similar non-interest bearing capital have been employed, after adjusting them for their time value. To determine the RoRR on Government Investments in the State PSUs, the investment of State Government in the form of equity, interest free loans and grants / subsidies given by the State Government for operational and management expenses less the disinvestments has been considered and indexed to their present value and summated. The RoRR is then calculated by dividing the Profit After Tax (PAT) of the PSUs by the sum of the PV of the Government investments.

During 2018-19, as per their latest finalised accounts, out of 14⁷³ working PSUs where State Government had made direct investment, six PSUs incurred loss while seven PSUs earned profit. Remaining one PSU had not prepared its first accounts. On the basis of return on historical value, the State Government's investment had eroded by 332.57 per cent as of 2018-19. As per the RoRR where the PV of investment is considered, the State Government's investment eroded by 129.01 per cent as shown in *Appendix 3.1.2*. This difference in percentage of investment erosion was on account of the adjustment made in the investment amount for time value of money.

3.1.10 Winding up of non-working PSUs

There were six non-working PSUs (five Companies⁷⁴ and one Statutory Corporation⁷⁵) for which audit entrustment to CAG had expired between 2003-04 and 2016-17. Since the audit of these six non-working PSUs has not been entrusted to CAG during 2018-19, the present report has not covered their functioning.

The Government Companies in Sikkim are registered under the Registration of Companies Act, 1961 while Statutory Corporations are governed by the proclamation of the erstwhile Chogyal (King) of Sikkim. There was, however, no prescribed procedure for

⁷¹ Capital employed=paid up capital plus accumulated profits plus free reserves/surplus plus long term loans minus accumulated losses minus deferred revenue expenditure

⁷² Serial No. A4, A5, A8, A9, A10, A12, B13 and B14 of *Appendix 3.1.1*.

⁷³ Excluding two PSUs at Sl. No. A8 and A9 of *Appendix 3.1.1* which had not direct investment of the State Government.

⁷⁴ Sikkim Flour Mills Limited and Chandmari Workshop and Automobiles Limited (2002-03), Sikkim Jewels Limited and Sikkim Times Corporation (2010-2011) and Sikkim Precision Industries Limited (2012-13).

⁷⁵ Sikkim Mining Corporation Limited (2016-17)

liquidation of Government Companies/ Statutory Corporations under their respective governing Act/ Statute.

As per the latest available information, the assets of the five out of six non-working PSUs (excepting Sikkim Mining Corporation) had been disposed of and the proceeds remitted (December 2012) to the Government of Sikkim. The liquidation of the sixth non-working PSU (Sikkim Mining Corporation) was approved (October 2016) by the Department of Mines, Minerals and Geology, Government of Sikkim and its liabilities (₹ 6.85 crore) had also been waived (October 2016) by the State Government.

3.1.11 Audit Comments on Annual Accounts of PSUs

Ten PSUs⁷⁶ forwarded their 39 audited accounts to Principal Accountant General (Audit), Sikkim (PAG) during the year 2018-19 (October 2018 to September 2019) out of which 19 Accounts of eight PSUs were taken up for supplementary audit. The audit certificate under Companies Act 2013 for three PSUs and SARs in respect of five PSUs (Company/ Corporations⁷⁷) were issued.

The details of aggregate money value of comments of statutory auditors and CAG for last three years (2016-19) are given in **Table 3.1.12**.

Table 3.1.12: Audit comments on annual accounts of PSUs

(₹ in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	1	2.92	2	2.84	3	1.69
2.	Increase in loss	2	6.38	0	0	1	0.50
3.	Non-disclosure of material facts	1	2.03	0	0	2	34.97
4.	Errors of classification	Nil	Nil	1	2.05	0	0

3.1.11.1 Gist of some important comments of the statutory auditors and CAG in respect of accounts of the PSUs are as under:

(i) State Bank of Sikkim (2017-18)

Unreconciled differences

As per the Finance Accounts of the State Government for the financial year 2017-18, the amount of Cash Balance of the Government with State Bank of Sikkim as on 31 March 2018 was ₹ 548.77 crore whereas State Bank of Sikkim depicted the same as ₹ 514.56 crore. The difference of ₹ 34.21 crore had been neither reconciled nor the same disclosed in the Financial Statements of State Bank of Sikkim.

⁷⁶ SBS, TPTL - One Accounts each, TUL, STCS, SIDICO, NSCL – Two Accounts each, Temi Tea - Four Accounts, GPPF -Seven Accounts, SHL & SPDCL -Nine Accounts each.

⁷⁷ Temi Tea, GPPF, STCS, SBS (Corporations) and SIDICO,

(ii) *Teesta valley Power Transmission Limited (2018-19)*

Inventories: ₹ 6.90 crore (Note 8)

During the year 2018-19, the company had written off ‘inventories’ worth ₹ 0.76 crore due to obsolescence without the approval of the Board of Directors. The fact was also not depicted in the financial statements in contravention to Ind AS 2.

3.1.12 Follow up action on Audit Reports

3.1.12.1 Submission of Explanatory Notes

The Reports of the CAG represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive authorities. As per the extant instructions of the Finance Department, Government of Sikkim, all the administrative departments concerned were required to furnish ‘Explanatory Notes’ on the paragraphs/ performance audits included in the Audit Reports of the CAG within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the Public Accounts Committee (PAC). The status of receipt of Explanatory Notes to paragraphs/performance audits from the State Government/Administrative Departments concerned as on 30 September 2019 was as given in **Table 3.1.13** below:

Table 3.1.13: Explanatory notes not received (as on 30 September 2019)

Year of the Audit Report	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs appeared in the Audit Report		Number of PAs/ Paragraphs for which Explanatory Notes were not received	
		Pas	Paragraphs	PAs	Paragraphs
2013-14	17 March 2015	1	4	1	3
2014-15	28 March 2016	0	2	0	0
2015-16	18 March 2017	1	1	1	1
2016-17	12 July 2018	1	0	1	NA
2017-18	2 August 2019	0	4	NA	4
TOTAL	-	3	11	3	8

From the **Table 3.1.13**, it may be seen that the ‘Explanatory Notes’ to eight paragraphs and three performance audits (PA), which pertained to six Companies/ Corporations⁷⁸ had not been received (October 2019).

3.1.12.2 Discussion of Audit Reports by Public Accounts Committee

In the State of Sikkim, there is no separate Committee on Public Sector Undertakings (COPU) to discuss the audit findings on State PSUs. As such, the Public Accounts Committee (PAC) also discusses the findings relating to PSUs. The status of discussion by the PAC as on 30 September 2019 on performance audits (PAs) and Compliance Audit Paragraphs (relating to PSUs) featured in Audit Reports has been detailed in **Table 3.1.14**.

⁷⁸ Serial No. A-5, A-8, A-10, A-11, B-13 and B-14 of Appendix 3.1.1.

Table 3.1.14: Performance Audits/ Paras relating to PSUs featured in Audit Reports *vis-à-vis* discussed as on 30 September 2019

Year of Audit Report	Number of PAs/paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2013-14	1	4	Nil	Nil
2014-15	0	2	Nil	Nil
2015-16	1	1	Nil	Nil
2016-17	1	0	Nil	Nil
2017-18	0	4	Nil	Nil
Total	3	11	Nil	Nil

It can be seen from the **Table 3.1.14**, that five Audit Reports containing three performance audits and 11 paragraphs relating to the PSUs were placed in the State Legislature. As on 30 September 2019, none of the performance audits and paragraphs placed in the State Legislature were discussed by the PAC.

3.1.12.3 Compliance to Reports of Public Accounts Committee

As of October 2019, PAC had issued total two PAC Reports containing five recommendations relating to the Audit Reports for the years 2006-07 (three recommendations) and 2007-08 (two recommendations), which were presented in the State Legislature. Action Taken Notes (ATNs) against all five recommendations have been received from the respective PSUs and the Departments concerned.

It is recommended that the Government may ensure:

- *furnishing of replies/explanatory notes to Paragraphs/ Performance Audits as per the prescribed time schedule;*
- *recovery of loss/ outstanding advances/ overpayments within the prescribed period;*
- *revamping of the system of responding to audit observations.*

Compliance Audit Paragraphs

NAMCHI SMART CITY LIMITED

3.2 Non-levy of interest on Mobilisation Advance

The Company imposed financial burden on itself by not incorporating the enabling clause in the work contracts for levy of interest of ₹ 2.56 crore on Mobilisation Advance given to contractors.

The Namchi Smart City Limited⁷⁹(NSCL) was incorporated (02 March 2017) as a public limited company under the provisions of the Companies Act, 2013. The NSCL was setup as a Special Purpose Vehicle (SPV) to develop Namchi City as a smart city as per the guidelines of Smart City Mission as drafted by the Ministry of Urban Development, Government of India.

Clause 10.6 of the Guidelines for the Smart City Mission states, “*For procurement of goods and services, transparent and fair procedures as prescribed under the State/ ULB financial rules may be followed.*” The Sikkim Public Works (SPW) Manuals 2009, *vide* sub-para (3) of Para 24.6, permitted grant of mobilisation advance (MA) to contractors who undertook capital intensive works of the Government on submission of 110 *per cent* Bank Guarantee (BG) with levy of interest at the rate of 10 *per cent* per annum (simple interest). Subsequently, the annual interest rate chargeable on MA was revised (August 2012) to five *per cent* (to be compounded annually).

During the audit (November 2019) of the records of NSCL, it was seen that as of March 2019, NSCL was implementing 55 projects. We selected 25 projects (including one PMC contract) out of 55 projects for examination, of which 24 projects were executed through contractors and one project was executed departmentally. It was seen that the agreements relating to all 24 projects provided for grant of MA, whereas 20 project agreements had the enabling clause for levy of interest on MA, but four project agreements did not provide for levy interest on MA to contractors.

It was seen that NSCL had granted MA amounting to ₹ 51.71 crore to the contractors of these four projects for which, the project agreements did not have the enabling clause for levy of interest, in contravention of SPW Manual 2009 resulting in loss of interest as given below.

⁷⁹ Government of Sikkim and Namchi Municipal Council hold equity shareholding of 50:50 per cent in Namchi Smart City Ltd.

Table 3.2: Loss of interest on MA

(₹ in crore)

Sl. No.	Particulars of works	Date of award of work	Amount of MA	Date of Drawn of MA	MA Recovered	MA Outstanding	Interest loss ^{80*}
1	Design, Procure, Supply and Commissioning of 480 Kw On-Grid Solar Photo Voltaic system using CIS thins Film Technology on various buildings premises along with Procure, Supply, Installation and Commissioning of 4000 Nos of LED Street Lights with Poles, Cabling and CCMS (EPC Contract)	01 October 2018	7.52	08 October 2018	4.81	2.71	0.29
2	Integrated Water Supply Management Augmentation of Existing Distribution Network & Strategy for Water Conservation & Reuse using Co-Polymer based Rain Water Harvesting Technology (EPC Contract)	01 February 2018	25.84	14 March 2018	6.75	19.09	1.65
3	Integrated Command and Control Centre - "Namchi Operations Centre"	08 February 2019	16.44	07 March 2019	9.98	6.46	0.49
4	Project Management Consultant (PMC)	17 May 2017	1.90	22 September 2017	1.04	0.85	0.13
Total			51.70		22.58	29.11	2.56

Thus, non-incorporation of the enabling clause for levy of interest on MA in four out of 25 test checked project agreements resulted in grant of undue benefit to contractors with consequential loss of interest of ₹ 2.56 crore (*Appendix – 3.2*).

NSCL stated (January 2020) that four projects were highly technical intensive and the offer for selection of vendor needed to be innovative and attractive for a remote place like Namchi. It was further stated that a generic procurement procedure was adopted for the projects making it mandatory for the contractors to submit the Bank Guarantee in all cases of MA provided without interest. NSCL, however, assured to adhere to the issue highlighted by Audit in future.

The reply is not tenable as there was nothing technical about these projects being solar grids, water supply augmentation and Control Centre projects. The fourth project was a consultancy contract. The projects should have been treated at par with other projects which had provided for levy of interest on MA.

Recommendation: The Company/ Government may issue instructions to all the implementing departments for inclusion of an interest bearing clause for mobilisation advance in all works contract agreements.

⁸⁰ *Calculated upto October 2019 @ five per cent per annum.

**SIKKIM SCHEDULED CASTES, SCHEDULED TRIBES AND OTHER
BACKWARD CLASSES DEVELOPMENT CORPORATION LIMITED**

3.3 Irregular expenditure on foreign tours

The Corporation irregularly incurred an expenditure of ₹ 15.99 lakh on (i) a foreign study tour (₹ 9.11 lakh) arranged by a private agency with doubtful credentials and (ii) on foreign sight-seeing tour (₹ 6.88 lakh) of Chairperson of the Corporation.

The Sikkim Scheduled Castes, Scheduled Tribes and Other Backward Classes Development Corporation Limited (SABCCO) (Corporation) was established in February 1996 with the main objective of promoting economic and developmental activities for benefit of Scheduled Castes (SC), Scheduled Tribes (STs) and Other Backward Classes (OBCs) of the State by providing them financial assistance in the form of micro finance.

Section 11 of Sikkim Financial Rules 1979 stipulates that “Every officer incurring or authorising expenditure from public moneys should be guided by high standard of financial propriety. Every officer should also enforce financial order and strict economy at every step and see that all relevant financial rules and regulations are observed by his own office and by subordinate disbursing officers”.

Audit noticed that during the year 2018-19, the Corporation incurred expenditure of ₹ 15.99 lakh on foreign visits of Chairman (₹ 6.88 lakh), Managing Director (MD) and General Manager (GM) (₹ 9.11 lakh) which were irregular and infructuous as detailed below:

3.3.1 Infructuous expenditure on foreign study tours of Corporation Officials

The Corporation received (September 2018) a letter from an organization named National Council of Training and Social Research (NCTSR) seeking participants for a study tour for “South East Asian Models of Infrastructures Developed in Singapore, Kuala Lumpur and Bangkok”. The study tour was claimed to have been specially designed for the “Executives and Decision Makers” serving in Local/ State Government and Corporate sector with a view to provide ideas, concepts and exposure to the decision-makers as infrastructure of these cities are considered as one among the best in the world. The duration of the study tour was eight days between 16 and 23 November 2018 at a cost of ₹ 3.69 lakh per participant exclusive of taxes. Based on this letter, a proposal for nominating MD and GM of SABCCO for this study tour was submitted to Chief Minister without routing the same through the administrative department concerned. Though there is no laid down standard practice to be followed for approval of such tours, to ensure the utility and actual benefits of the study tour towards achievement of Corporation’s laid down objectives, it was essential that the administrative department should properly analyse the proposal of NCTSR. The proposal was approved (13 November 2018) by the Chief Minister without eliciting the views of the administrative department. The Corporation transferred (15 November 2018) funds of ₹ 8.71 lakh to NCTSR and paid ₹ 0.40 lakh to the two officers as TA/ DA advance.

Audit scrutiny revealed that the officers had not submitted the boarding passes and hotel bills for settlement of advance. Consequent to requisitioning for the same in audit, both the officers furnished copies of their passports and one officer submitted the boarding passes for Singapore – Kuala Lumpur (Air Asia) and Bangkok – Kolkata (Spicejet) sectors. The photocopies of the passports showed that the officers had undertaken the trip during the period 22 and 30 November 2018 by obtaining visa on arrival while as per the program sent by NCTSR, the training was to be held from 16 to 23 November 2018. Moreover, neither the officers had furnished any training certificate nor NCTSR issued any training certificate on the study tour to substantiate that the training was held.

In order to verify the credentials of NCTSR, Audit made use of the internet which revealed that Ministry of Statistics and Programme Implementation, Government of India in a public notice (26 November 2014) informed that the Ministry had never established the body with name *i.e.* NCTSR and warned that any individual or organisation dealing with NCTSR shall do so at their own risk. Further, on October 2018, the Government of Delhi (GoD) had warned all the State Governments about NCTSR being a fraud company run by a gang which targeted various government officers and the victimised officers also lodged FIR in 2017. GoD also requested, if this fraud company approached for programmes an FIR should be lodged and strong action may be taken.

There were no records to show that the Corporation had taken due precaution to verify the authenticity of the NCTSR before approving the study tour. It was also observed that the study tour on infrastructure development attended by the officials was not aligned with the objective of the Corporation which was to provide micro financing assistance to the weaker sections (SC, ST & OBC) of the society.

Thus, instead of framing study tour as per needs of the Corporation, the officers opted for the tour on the basis of proposal received from NCTSR, without following any due diligence in examining and approving the proposal. The benefits derived from the expenditure incurred on the study tour organized by a body of suspicious credentials, were also doubtful.

3.3.2 Irregular expenditure on foreign trip of Chairperson of Corporation

Audit observed that the Chief Minister approved (April 2018) a trip of the Chairperson of the Corporation along with two Chairpersons of other Company and Society⁸¹, to visit European countries. The proposal was, however, not routed through the administrative department concerned. The tour which was arranged by a private travel agency based at Kolkata was to commence from 22 May 2018 initially. The cost of the package was ₹ 3.03 lakh per person inclusive of airfare, for visit to historical places, food, lodging and taxes. Accordingly, the Corporation paid (13 April 2018) the same to the travel agency.

Audit noticed that due to the late receipt of visa of the other two Chairpersons, the trip was cancelled and the amount of ₹ 3.03 lakh paid lapsed since the same was non -

⁸¹ Chairpersons of State Bank of Sikkim and Denzong Agricultural Cooperative Society.

refundable. However, another package was booked through the same travel agency and the trip was undertaken between 22 to 28 June 2018 at a cost of ₹ 2.56 lakh besides other expenses amounting to ₹ 1.29 lakh. Thus, the total expenditure of ₹ 6.88 lakh incurred from the Corporation's fund for tour of the Chairman was not in line with the objectives of the Corporation, and thus irregular.

In their reply (October 2019), the Corporation stated that the Asian tour had benefitted the participants by way of learning new and innovative means like vertical farming, cluster development and environment friendly tourism. The new and innovative ideas will be implemented in Sikkim by way of financing the individuals, groups and communities by creating infrastructure through financing for uplifting the weaker sections of the society. Further, it also stated that the Chairman tour was conducted to expose the head of the organization to the best practice of functioning of similar institution in the European countries.

The reply of the Corporation in response to the Asian study tour is not tenable since as per NCTSR, the study tour related to urban infrastructural development and the involvement of the Corporation's officials dealing in micro financing to the weaker sections of the society, was not in sync with the training module. Further, the claims that the Corporation had benefited from the study tour which would enable them to introduce new techniques such as vertical farming is unacceptable as the Corporation being a micro finance institution does not have the technical expertise to evaluate the feasibility of implementing new techniques of farming in the State. The reply in response to the Chairman's foreign tour is not tenable as the itinerary and the final bills of the tour revealed no official engagement of the Chairman during trip. Moreover, the officials had not submitted any study report/ training certificates.

Considering that the officers could not furnish proof of attending the training the expenditure incurred by the Corporation on account of both the tours may be considered for recovery from the officers concerned.

Thus, expenditure of ₹ 15.99 lakh on foreign visits on pretext of study tours was irregular and infructuous and the actual benefits expended on these accounts were doubtful.

Recommendation: The Government may verify the credentials of private agencies organising foreign tours of Government personnel before approving the tours. They may reassess critically the proposals for foreign tours of officials and non-officials.

Chapter IV

Revenue Sector

CHAPTER IV REVENUE SECTOR

4.1 Trend of revenue receipts

4.1.1 The Revenue Receipts of the State comprises,

- Tax and non-tax revenues raised by the Government of Sikkim,
- State's Share of Net Proceeds of divisible Union taxes and duties assigned to the State, and
- Grants-in-Aid received from the Government of India.

The details along with the corresponding figures for the preceding four years have been depicted in **Table 4.1.1:**

Table 4.1.1: Trend of Revenue Receipts

(₹ in crore)

Sl. No.		2014-15	2015-16	2016-17	2017-18	2018-19
I	Revenue raised by the State Government					
	• Tax revenue	527.54	566.82	652.56	688.33	892.92
	• Non-tax revenue	698.08	412.99	451.64	654.38	6,57.78
	Total	1,225.62	979.81	1,104.20	1,342.71	1,550.70.
II	Receipts from Government of India					
	• State's share of net proceeds of divisible Union taxes	809.33	1,870.28	2,069.19	2,634.66	2,794.67
	• Grants-in-aid	2,427.00	934.20	1,436.91	1,235.42	1,574.99
	Total	3,236.33	2,804.48	3,506.10	3,870.08	4,369.66
III	Total receipts of State Government (I + II)	4,461.95	3,784.29	4,610.30	5,212.79	5,920.36
IV	Percentage of I to III	27	26	24	26	26

Source: Finance Accounts, Government of Sikkim

Revenue Receipts of the State increased by 44.84 per cent from ₹ 4087.64 crore in 2014-15 to ₹ 5,920.36 crore in 2018-19 at an annual average rate of 8.97 per cent. During 2018-19, Revenue Receipts grew by ₹ 707.57 crore (13.57 per cent) over the previous year, mainly on account of the State Goods and Service Tax. About 26.19 per cent of Revenue Receipts during 2018-19 came from State's Own Resources while Central Tax Transfers and Grants-in-Aid together contributed 73.81 per cent.

Tax Revenue constituted 15.08 per cent of Revenue Receipts and increased by ₹ 204.59 crore during 2018-19, recording a growth of 29.72 per cent over the previous year. Non-Tax Revenue in 2018-19 constituted 11.11 per cent of the total Revenue Receipts and increased marginally by ₹ 3.40 crore with growth rate of 0.52 per cent over the previous year.

4.1.2 The details of the tax revenue raised during the period from 2014-15 to 2018-19 are given in **Table 4.1.2.**

Table 4.1.2: Details of Tax Revenue realised

(₹ in crore)

Sl. No.	Head of revenue	2014-15		2015-16		2016-17		2017-18		2018-19		% of increase (+) or decrease (-) in 2018-19 over 2017-18	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
1	State Goods and Services Tax (SGST)	Not Applicable						0.00	171.39	253.07	405.72	-	137
2	Goods and Service Tax (Compensation)	Not Applicable						-	00	110.58	00	-	-
3	Sales Tax/Value Added Tax (VAT)	259.45	282.10	300.00	325.72	361.00	364.82	388.26	249.66	154.00	188.20	-60	-25
4	Taxes on Income and Expenditure other than Corporation Tax	8.01	7.93	8.51	7.92	9.00	7.82	10.00	8.04	10.00	10.57	0	31
5	State Excise	120.93	131.36	135.00	142.08	144.45	156.24	155.00	150.47	158.54	183.09	2	22
6	Stamps and Registration Fees	7.70	6.77	7.64	8.51	7.64	12.57	7.82	13.57	13.34	14.95	71	10
7	Taxes on Vehicles	18.82	19.42	21.07	22.36	24.00	24.90	28.50	29.37	31.05	33.10	9	13
8	Other Taxes and Duties on Commodities and Services	75.60	73.81	81.26	58.38	93.07	79.82	72.84	58.39	32.63	48.21	-55	-17
9	Land Revenue	6.89	6.15	6.89	1.85	6.89	6.39	7.09	7.44	7.10	9.08	0	22
	Total	497.4	527.54	560.37	566.82	646.05	652.56	669.51	688.33	770.31	892.92	0.47	30

* BE: Budget Estimates, Source: Estimate of Receipts, Finance Department, GoS and Finance Accounts 2018-19

It appears from the above table that the actual realization was 116 per cent over the Budget Estimates (BE). The percentage of realisation under different heads ranged between 106 per cent to 160 per cent of the BE which indicate that the budget was not prepared based on realistic estimates.

Tax Revenue increased by ₹204.59 crore (30 per cent) in 2018-19 as compared to previous year, the increase was mainly contributed by 'State Goods and Services Tax' (SGST) by ₹234.33 crore (137 per cent), State Excise by ₹32.62 crore (22 per cent) and Other Taxes on Income and Expenditure by ₹2.53 crore (31 per cent).

The respective departments reported the following reasons for variations:

State Excise: Increase in revenue was due to increase in production and sale of alcoholic products.

State Goods and Services Tax: Increase in collection of State Goods and Services Tax was due to increase in the number of tax payers and decrease in Value Added Tax collection due to it being subsumed under the Goods and Services Tax.

In respect of the other revenue heads, the departments concerned did not furnish reasons for variations.

4.1.3 The details of the non-tax revenue raised during the period 2014-15 to 2018-19 are given in **Table 4.1.3:**

Table 4.1.3: Details of Non-Tax Revenue realised

(`in crore)

Sl. No.	Head of revenue	2014-15		2015-16		2016-17		2017-18		2018-19		Percentage of increase (+) or decrease (-) in 2018-19 over 2017-18		
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	Power	121.10	113.56	125.10	147.68	140.10	170.04	160.10	310.26	190.10	269.44	19	-13	
2	Interest receipts	31.05	66.44	31.21	72.52	37.21	78.38	50.41	114.76	50.41	125.33	150	9	
3	Police	55.32	17.60	55.35	61.68	52.42	41.43	52.74	45.39	57.11	46.64	8	3	
4	Road Transport	43.00	27.63	39.35	41.55	47.00	48.71	55.00	52.08	59.00	53.96	7	4	
5	Forestry and Wild Life	15.35	11.45	12.06	12.79	12.06	16.02	13.50	14.21	13.50	17.53	0	23	
6	Other Administrative Services	10.25	13.59	10.40	7.30	2.38	9.32	4.83	5.30	7.79	5.04	61	-5	
7	Public Works	5.68	3.66	6.83	4.25	4.22	8.65	4.37	15.38	4.59	28.01	5	82	
8	Plantations	5.00	2.31	5.18	3.86	5.18	5.21	5.18	2.19	7.00	2.41	35	10	
9	Water Supply and Sanitation	3.91	3.25	3.99	3.80	4.26	4.04	5.00	4.88	10.00	4.29	100	-12	
10	Tourism	2.80	2.64	3.14	3.96	3.80	5.42	4.50	5.14	4.64	6.16	3	20	
11	Medical and Public Health	2.50	1.97	2.50	2.15	2.50	2.59	2.50	2.11	2.50	2.37	0	12	
12	Other Rural Development Programmes	1.50	1.65	1.50	0.94	1.50	0.51	1.50	0.91	1.50	0.98	0	8	
13	Stationery and Printing	1.90	1.75	2.03	1.83	1.81	2.16	1.85	3.08	1.95	1.52	5	-51	
14	Crop Husbandry	0.91	0.56	0.91	0.70	0.91	0.57	0.91	0.34	0.63	0.37	-31	9	
15	Education, Sports, Art and Culture	1.34	1.22	1.17	1.16	1.12	2.05	1.15	2.31	1.17	2.32	2	0	
16	State Lotteries (SL)	Gross	787.23	418.64	--*	--*								
		Net	36.00	44.33	37.40	20.02	33.55	45.00	50.00	55.03	55.00	57.82	10	5
17	Others	10.08	10.16	12.24	26.80	12.24	11.54	12.92	21.01	15.03	33.59	16	60	
Total (with gross figures of SL)		1,098.92	698.08											
Total (withnet figures of SL)		347.69	323.77	350.36	412.99	362.26	451.64	426.46	654.38	481.92	657.78	13	0.6	

Source: Finance Accounts 2018-19 and Estimate of Receipts, Finance Department, GoS..

* Gross figures of State Lotteries have not been furnished by the Department for 2015-19. Since gross figures of State Lotteries have not been reflected for the year 2015-19, percentage increase/decrease has not been calculated.

It appears from the above table that the actual realisation was 136 per cent over the Budget Estimates. The percentage of realisation under different heads ranged between 43 per cent to 610 per cent of the BE which indicate that the budget was not prepared based on realistic estimates.

Non-tax revenue increased by ₹ 3.40 crore (one per cent) in 2018-19 over the previous year. The increase was mainly under Public Works by ₹12.63 crore (82 per cent), Forestry and Wildlife by ₹3.32 crore (23 per cent) and Tourism by ₹1.02 crore (20 per cent). The increase was offset by decrease mainly under Power by ₹40.82 crore (13 per cent).

The respective departments reported the following reasons for variations:

Water supply and sanitation: Decrease in revenue was due to IT problems on account of which water supply bills could not be printed and claimed.

Power: Decrease in revenue was due to less consumption of power with the introduction of LED lights and non-payment of electricity bill by consumers.

Medical and Public Health: Increase in revenue was due to tendering of more works during 2018-19.

Forestry and Wildlife: Increase in revenue was due to increase in other receipts.

Education, Sports, Arts and Culture: Increase in revenue was due to receipt of hostel rent, ground rent, storage charges and sale of text-books to non-COI holder students.

State Lotteries: Increase in revenue was due to enhancement of government revenue from ₹ 36,257 to ₹ 52,000 per draw *w.e.f.* 11 October 2018 for 16 draws *per day*.

In respect of other revenue heads, the departments concerned did not furnish reasons for variations.

4.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2019 in respect of some Heads of Revenue as reported by the departments amounted to ₹ 345.36 crore, of which, ₹136.83 crore was outstanding for more than five years (as detailed in **Table 4.2.1**).

Table 4.2.1: Arrears of Revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding		Replies of Department
		As on 31 March 2019	For more than five years	
1	Power	342.23	135.47	Non-payment of Electricity Bills by consumers
2	Animal Husbandry	0.15	-	Entry tax of ₹ 34.98 lakh, due from a firm M/S Uttara Foods & Feed Pvt. Ltd., was only partially paid by the firm leaving a balance of ₹ 14.58 lakh.
3	Roads and Bridges Department	2.98	1.36	The road machineries of the department were mostly deployed for the departmental works. Due to fund constraint, recovery of hire charges from departmental works were pending. Whenever the funds are made available, the recovery from departmental contractual works would be made.
Total		345.36	136.83	

Source: Information received from departments

4.3 Response of the departments/ Government towards Audit

The Principal Accountant General (PAG), Sikkim conducts periodical inspection of the Government departments to test check the transactions and verify the maintenance of the important accounts and other records as prescribed in the Rules and procedures. Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot are issued to the heads of the offices inspected with copies to the next higher authorities for prompt corrective action. The heads of the offices/ departments are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

It was seen that 256 paragraphs involving ₹ 674.32 crore relating to 96 IRs remained outstanding at the end of June 2019. The details along with the corresponding figures for the preceding two years are mentioned in the following table:

Table 4.3.1: Details of pending Inspection Reports

Particulars	June 2017	June 2018	June 2019
Number of outstanding IRs	91	89	96
Number of outstanding audit observations	242	242	256
Amount involved (₹ in crore)	594.30	567.01	674.32

4.3.1 The department-wise details of the IRs, the audit observations outstanding as on 30 June 2019 and the amounts involved are mentioned in the following table:

Table 4.3.2: Department-wise details of IRs

Sl. No.	Name of Department	Nature of Receipts	No. of outstanding IRs	No. of outstanding Audit observations	Money value involved (₹ in crore)
1	Finance (Commercial Taxes Division)	VAT/Taxes on Sales, Trade, etc.	18	51	375.32
2	Excise (Abkari)	State Excise	14	41	22.65
3	Land Revenue and Disaster Management	Land Revenue	18	23	8.94
4	Transport (Motor Vehicles Division)	Taxes on Motor Vehicles	6	16	6.28
5	Mines, Minerals and Geology	Non-ferrous Mining and Metallurgical Industries	3	3	3.31
6	Forest, Environment and Wildlife Management	Forestry and Wildlife	10	20	1.02
7	Finance (Directorate of State Lotteries)	State Lotteries	3	8	19.25
8	Urban Development and Housing	Urban Development	15	44	20.12
9	Energy and Power	Power	9	50	217.43
Total			96	256	674.32

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of 10 numbers of IRs (issued during 2018-19) till June 2019. Pendency of IRs due to non-receipt of the replies was indicative of heads of offices and heads of the departments not initiating adequate action to rectify the defects, omissions and irregularities pointed out by the PAG through IRs.

The Government may consider having an effective system for prompt and appropriate response to audit observations.

4.3.2 Departmental Audit Committee Meetings

The Government set up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. During 2018-19, one Audit Committee Meeting was held with Energy and Power Department wherein 14 paragraphs involving ₹ 209.01 crore relating to four IRs were settled.

The overall progress on settlement of paragraphs needs to be improved in view of the huge pendency of IRs and paragraphs.

4.3.3 Response of the departments to the draft audit paragraphs

The PAG forward the draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India to the Principal Secretaries/ Secretaries of the Department concerned, drawing their attention to audit findings and requesting them to send their response within four weeks. The fact of non-receipt of replies from the departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

One draft paragraph proposed for inclusion in the Audit Report of the Comptroller and Auditor General of India for the year ended March 2019 was forwarded to the head of the Department through demi-official letter for which reply was received.

4.3.4 Follow up on Audit Reports - summarised position

The Rules of Procedures of the Committee on Public Accounts of the Sikkim Legislative Assembly (internal working) lays down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the departments shall initiate action on the audit paragraphs and the Government should submit the action taken explanatory notes within three months of tabling the Report for consideration of the Committee. In spite of these provisions, the explanatory notes on the audit paragraphs of the Reports were being delayed inordinately.

Reports of the Comptroller and Auditor General of India of the Government of Sikkim for the years ended 31 March 2014, 2015, 2016, 2017 and 2018 containing 17 paragraphs under Revenue Sector were placed before the State Legislative Assembly between March 2015 and August 2019. Action taken explanatory notes in respect of 12 paragraphs from six departments {Excise; Finance⁸²; Transport (Motor Vehicles Division); Urban Development and Housing; Power; and Water Resources and River Development} had not been received for Audit Reports for the years ending 31 March 2014, 2015, 2016 and 2017.

During 2018-19, the PAC did not discuss any Audit Report.

4.4 Analysis of the mechanism for dealing with issues raised by Audit

To analyse the system of addressing the issues highlighted in the IRs/ Audit Reports by the departments/ Government, action taken on the paragraphs and Performance Audits (PAs) included in the Audit Reports pertaining to the last 10 years in respect of Power Department was evaluated and included in this Report.

The succeeding paragraphs 4.4.1 to 4.4.2 discuss the performance of the Power Department in dealing with the cases detected in course of local audit conducted during the last ten years and also the cases included in the Audit Reports pertaining to the last 10 years.

⁸² *Commercial Taxes Division and Directorate of Sikkim State Lotteries*

4.4.1 Position of IRs

The summarised position of IRs issued during the last ten years, paragraphs included in these Reports and their status as on 30 June 2019 are given in the following table:

Table 4.4.1: Position of Inspection Reports

(₹ in crore)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance		
	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
2009-10	8	27	188.10	0	0	0	0	2	1.65	8	25	186.45
2010-11	8	25	186.45	0	0	0	0	0	0	8	25	186.45
2011-12	8	25	186.45	1	9	214.91	0	3	66.82	9	31	334.54
2012-13	9	31	334.54	0	0	0	0	0	0	9	31	334.54
2013-14	9	31	334.54	0	0	0	0	0	0	9	31	334.54
2014-15	9	31	334.54	1	6	91.27	0	2	12.30	10	35	413.51
2015-16	10	35	413.51	1	13	1.75	0	0	0	11	48	415.26
2016-17	11	48	415.26	1	13	7.30	0	1	1.34	12	60	421.22
2017-18	12	60	421.22	0	0	0	0	0	0	12	60	421.22
2018-19	12	60	421.22	1	4	7.27	4	14	211.06	9	50	217.43

The Department arranged one Departmental Audit Committee meeting wherein 14 paragraphs involving ₹ 209.01 crore relating to four IRs were settled.

4.4.2 Recovery in accepted cases

The position of paragraphs included in the Audit Reports pertaining to the last 10 years accepted by the Department and recovery effected there-against is mentioned in the following table:

Table 4.4.2: Details of accepted paragraphs and recovery thereof

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs (₹ in crore)	Number of paragraphs accepted	Money value of accepted paragraphs (₹ in crore)	Amount recovered during the year (₹ in crore)	Cumulative position of recovery of accepted cases (₹ in crore)
2008-09	No paragraphs featured in the Audit Report					
2009-10	No paragraphs featured in the Audit Report					
2010-11	01	94.85	0	NA	Nil	Nil
2011-12	01	52.71	01	52.71	Nil	Nil
2012-13	No paragraphs featured in the Audit Report					
2013-14	No paragraphs featured in the Audit Report					
2014-15	No paragraphs featured in the Audit Report					
2015-16	01	4.11	01	4.11	Nil	Nil
2016-17	01	2.54	01	2.54	Nil	Nil
2017-18	No paragraphs featured in the Audit Report					

It was evident from the above table that the progress of recovery even in accepted cases was very slow during the last ten years. The recovery in accepted cases was to be pursued as arrears recoverable from the parties concerned. The Department/ Government had not put in place any mechanism for pursuance of the accepted cases. In the absence of a suitable mechanism, the Department could not monitor the recovery in accepted cases.

The Department may take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

**4.5 Action taken on the recommendations accepted by the departments/
Government**

The draft reports on Performance Audits (PAs) conducted by the PAG are forwarded to the Government/ Department concerned for their information with a request to furnish their replies. These PAs are also discussed in the exit conference and the Department's/ Government's views are included while finalising the PAs for the Audit Reports.

The following PA on Sikkim State Lotteries (Directorate of Sikkim State Lotteries) had featured in the Audit Report 2015-16. The details of recommendations and their status are given in the following table:

Table 4.5.1: Details of recommendations and their status

Year of AR	Name of the PA	Details of the Recommendations	Status
2015-16	Performance Audit on Sikkim State Lotteries	The State needs to lay down clear and workable modality to ascertain the quantum of sale proceeds and deposit thereof into Government account. Benchmarking of State revenue should be done with gross value of sale proceeds of lottery tickets. Commission of distributors should be fixed after deducting operating cost, prize money, printing cost, charges to the other State, etc.	As per audit recommendation on modality for ascertaining the quantum of sale proceeds, benchmarking of State revenue with gross value of sale proceeds of lottery tickets, the DSSL stated that Sikkim State Lotteries including other smaller states conducts its lottery as per Rule 3 (10) of the Lotteries (Regulation) Rules, 2010 due to non-availability of a market of its own, whereas bigger lottery playing States conduct/can conduct under Rule 4 (4) of the Lotteries (Regulation) Rules, 2010. As per Rules 3 (10) of Lotteries (Regulations) Rules, 2010, the DSSL have been charging ₹ 5.03 lakhs per draw for bumper and ₹ 70,100/- per draw in respect of Paper Lottery. Similarly, for online lotteries, the DSSL have been charging ₹ 59,000/- only per draw respectively.
		Uniformity may be brought in the process of award of marketing contracts, by following laid down procedure for selection of marketing agencies to make it more competitive and transparent.	The Distributors/Marketing Agents for sale of Sikkim Online Lotteries and Paper Lotteries are appointed by way of open tender as per Rule 18 of the Sikkim on-line Network Lottery Rules, 2001 and Rule 04 of the Sikkim State Lottery Rules, 2003 respectively.
		The application software, programmes, operating systems, hardware and all other devices may be prescribed and standardised. Uniformity, to the extent possible, in utilisation of hardware and software systems should be maintained for all Online Lottery MAs. Annual financial and systems audit of the Lottery Schemes must be conducted.	The systems being used for conducting lotteries are certified by Standardised Testing and Quality Certification Directorate (STQC) under the Ministry of Electronics and Information Technology. DSSL is audited annually by O/o The Pr. A.G (Audit), Sikkim.
		Internal control system may be strengthened by appropriate measures,	The Internal Audit Division of Finance Department has been

Year of AR	Name of the PA	Details of the Recommendations	Status
		preferably by setting up an independent internal audit wing and compliance with the observations made by the wing may be ensured.	consulted for auditing as per the recommendation.
		Government should draw the scheme for utilisation of revenue generated out of operation of lotteries, as envisaged under Notification under Rule 3(2) of Lottery Regulation Rules, 2010, for development activities of social importance like health, education, poverty alleviation, etc. and it should be kept in a separate account earmarked for above purpose.	As per Office Memorandum no. FIN/DSSL/II/132/14-15/01 dated 30 th May, 2015 issued by the O/o the Controller of Accounts, Finance Department, Government of Sikkim, the net revenue received out of lottery transactions are transferred to the Head of Account 0075-Miscellaneous General Service, 103-State Lotteries by Sikkim State Lotteries.

NB: Status as in the table is based on departmental replies.

4.6 Audit Planning

The unit offices under various departments were categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan was prepared on the basis of risk analysis which *inter alia* included critical issues in Government revenues and tax administration, *i.e.* budget speech, White Paper on State Finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during the past five years *etc.*

During 2018-19, there were 16 auditable units, of which 10 units (63 *per cent*) were planned and audited.

4.7 Results of audit

Test check of the records of 10 units under Revenue departments {Finance Department, Transport Department, Excise Department, Land Revenue & Disaster Management Department, Forest and Environment Department, Mines and Geology Department and Urban Development Department} was carried out during the year 2018-19. It revealed irregularities involving revenue aggregating to ₹ 338.75 crore in 31 cases. During the course of the year, the departments concerned accepted all the 31 observations.

4.8 Coverage of this Report

This Chapter contains one Compliance Audit para involving financial effect of ₹ 0.86 crore.

**Finance Department (Commercial Taxes Division) and
Excise Department**

4.9 Non realisation of Profession Tax

Failure of the Commercial Taxes Division to bring the persons evading tax into the tax net by coordinating cross verification of records with the Excise Department resulted in non-realisation of profession tax amounting to ₹ 0.86 crore.

Section 4 (2) of Sikkim Tax on Professions, Trades, Callings and Employments Act, 2006, provides for levy of profession tax on persons engaged in any profession, trade, calling or employment and falling under several classes.

Additionally, as per Section 14 (2)- without prejudice to the provisions of sub-section (1), an employee referred to in that sub-section shall be liable to pay, in addition to the amount of tax, simple interest at two *per cent* of the amount of tax due for each month or part thereof for the period for which the tax remains unpaid.

Further, Section 32 (1) (c) of the Sikkim Tax on Professions, Trades, Callings and Employments Act, 2006 stipulates that no Government, local authority, educational institution, corporation or body corporate established under a Central or State Act, shall renew any license issued by them to any person, unless the Commissioner certifies in the prescribed manner that such person- (i) has no liability to pay tax or has not defaulted in furnishing any returns together with the receipted challan or challans showing payment of all taxes payable under this Act, or (ii) has not defaulted in making payment of tax otherwise payable by, or due from him under this Act.

In order to examine the effectiveness of collection of profession tax, Audit examined the records of the Commercial Taxes Division of Finance Department in respect of the following class of persons who were liable to pay profession tax as given below:

Table 4.6.1: Rate of Profession Tax

Sl. No.	Class of persons	Rate of tax
1	Licensed foreign liquor vendors	₹ 1500 per annum
2	Licensed country liquor vendors and owners or Occupiers or lessees of residential hotels below three-star category	₹ 1500 per annum

Source: The Sikkim Tax on Professions, Trades, Callings and Employment Act, 2006

Audit collected the information from Excise Department of Government of Sikkim and collated it with the records of Commercial Taxes Division of Finance Department.

As per the records furnished by the Excise Department, it was noticed that the Department had total number of 2181 registered licensed foreign liquor vendors / bars having tax liability of ₹ 1,500 *per annum* in 2016-17, 1806 in 2017-18 and 1769 during 2018-19 as detailed in **Appendix 4.1**. Year-wise details of the total licensees in Sikkim who were liable to pay profession tax during the period 2016-17 to 2018-19 are shown below:

Table 4.6.2: Year-wise details of the total licensees in Sikkim

Period	No. of licensees (FLB+FLR ⁸³)	Type Licencee (Nos)		Tax Rate	Tax to be paid	Tax realised	Tax due
		New	Renewed				
a	b	c	d	e	(Amount in ₹)		h = f-g
2016-17	2181	159	2022	1500	3271500	Nil	3271500
2017-18	1806	46	1760	1500	2709000	Nil	2709000
2018-19	1769	220	1549	1500	2653500	Nil	2653500
Total	5756	425	5331	1500	8634000	Nil	8634000

Cross verification of tax payment details provided by the Commercial Tax Division of Finance Department with the licences issued by the Excise Department to the vendors for running the liquor shop revealed that during 2016-17 to 2018-19, Department failed to levy and collect professional tax from the vendors/bars as provided in the Act. Thus, failure of the Commercial Taxes Division and Excise Department to bring the persons evading tax into the tax net in violation of Section 14 (2) and Section 32 (1) (c) of the Sikkim Tax on Professions, Trades, Callings and Employments Act, 2006 resulted in non-realisation of profession tax amounting to ₹ 0.86⁸⁴ crore excluding penal interest.

The findings indicate that the CTD does not have effective mechanism in place to ensure collection of tax from all the eligible tax payers. Further, the Excise Department should have obtained the clearance certificate from the CTD as per Section 32 (1) (c) of the Act before renewal of licenses.

On matter being reported to the Department/Government, the CTD in its reply (January 2020) stated that the Excise Department should have ensured that the licensees obtained the clearance certificate from CTD before issue of new licenses/renewals. As an enforcement measure, the CTD had served (September 2019) notice of hearing to 54 numbers of liquor vendors and notice of demand to 33 liquor vendors.

The reply of the CTD in putting the entire blame on the Excise Department is not tenable as the superintendence and control for the proper execution of the provisions of the Act and the rules for levy and collection of tax vest in the Commissioner, CTD, as per Section 3 (3) of the Sikkim Tax on Professions, Trades, Callings and Employments Act, 2006. The non-realisation of profession tax of ₹ 0.86 crore from 5,756 liquor vendors was due to enforcement lapses on the part of the Commercial Taxes Division and the same needs to be corrected now and the dues recovered from the registered parties.

Recommendation: The Department may devise a mechanism for effective collection of Profession Tax by coordinating with other departments concerned.

⁸³ FLB= Foreign Liquor Bar, FLR= Foreign Liquor Retailer

⁸⁴ Numbers of vendors - 5756 (2016-17: 2181, 2017-18: 1806 and 2018-19 : 1769) x ₹ 1,500 = ₹86,34,000

Chapter V

General Sector

CHAPTER V GENERAL SECTOR

5.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2019 deals with the observations on audit of the State Government units under General Sector.

The names of the State Government departments and the total budget allocation and expenditure of the State Government under General Sector during the year 2018-19 are given in the table below:

Table 5.1: Details of budget allocation and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Total Budget Allocation	Expenditure
1	Planning & Development Department	63.51	50.13
2	Election Department	20.62	20.62
3	Governor	9.06	9.26
4	Finance Department	1,853.44	1,654.80
5	Home Department	75.34	67.84
6	Information and Public Relation Department	16.20	16.08
7	Information Technology Department	7.62	7.34
8	Judiciary	43.08	39.26
9	Land Revenue and Disaster Management Department	284.65	246.37
10	Law Department	2.62	2.49
11	Sikkim Legislature Assembly	22.26	21.87
12	Parliamentary Affairs Department	11.67	11.29
13	Department of Personnel	15.84	13.04
14	Sikkim Police	400.81	375.38
15	Printing and Stationery Department	14.40	14.40
16	Sikkim Public Service Commission	5.41	5.41
17	Skill Development Department	56.77	16.60
18	State Excise(Abkari) Department	9.91	9.85
19	Vigilance Department	8.25	8.24
20	Culture Department	58.66	46.91
21	Ecclesiastical Department	37.45	28.76
22	Labour Department	4.78	4.55
23	Science and Technology Department	4.36	4.19
Total		3,026.71	2,674.68

Source: Appropriation Accounts 2018-19

Besides the above, the Central Government had transferred a sizeable amount of funds directly to the State's implementing agencies under the General Sector. The State's implementing agencies received total fund of ₹ 13.86 crore during 2018-19 for implementation of flagship programmes of the Central Government, the major transfers above ₹ five lakh are detailed below:

Table 5.2: Details of funds directly transferred to the implementing agencies

(₹ in lakh)

Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
1	High Court of Sikkim	e-Court Phase - II	Registrar General, High Court of Sikkim	80.40
2	Land Revenue and Disaster Management Department	MPs Local Area Development Schemes (MPLADS)	District Collector, East	1,000.00
3	Culture Department	Kala Sanskriti Vikas Yojana	Sivik Samdup Maney Lhakhang Managing Committee	12.50
4			Thubten Gatsal Ling Sumin Gumpa Managing Committee	10.00
5			Denzong Culture & Heritage Foundation	7.00
6	Science and Technology Department	Space Science Promotion	Sikkim Manipal Institute of Technology	14.22
7	Science and Technology Department	Atal Innovation Mission (AIM) including Self Employment and Talent Utilization (SETU)	AIC SMU Technology Business Incubation Foundation	240.00
8	Science and Technology Department	Bio Technology Research and Development	Sikkim Manipal Institute of Medical Sciences – (SMIMS)	15.51
Total				1,379.63

Source: Finance Accounts 2018-19

5.2 Planning and conduct of audit

Audit process starts with the assessment of risks faced by various departments of the Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls, etc.

After completion of audit of each unit on a test-check basis, Inspection Reports (IRs) containing audit observations are issued to the heads of the departments. The departments are required to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled based on reply/action taken or the audited entities requires to take further action for compliance. Some of the important audit observations arising out of these IRs are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India. These Audit Reports are submitted to the Governor of the State under Article 151 of the Constitution of India for laying on the table of the Legislature for taking further appropriate action.

Test audits were conducted involving expenditure of ₹ 601.80 crore (including expenditure of ₹ 159 crore of previous years) of the State Government under General Sector.

This Chapter contains two Compliance Audit Paragraphs as given below:

**LABOUR DEPARTMENT
(SIKKIM BUILDING AND OTHER CONSTRUCTION WORKERS WELFARE
BOARD)**

5.3 Irregular expenditure out of Labour Cess Funds

Sikkim Building and Other Construction Workers' Welfare Board irregularly incurred an expenditure of ₹ 53.88 lakh towards celebration of May Day event

As per provisions of Section 18 (1) of Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996 (BOCW Act), the State Government constituted (February 2010) Sikkim Building and Other Construction Workers' Welfare Board (SBOCWWB) to carry out welfare schemes for building and other construction workers. The Government imposed cess at the rate of one *per cent* on construction works as assigned under Section 3 (1) of the Building and Other Construction Workers Welfare Cess Act 1996. The cess is meant for the welfare of the workers.

As per Section 22 read with Section 24 (2) of the BOCW Act, the cess so collected was required to be spent for the welfare of construction workers (beneficiary) on schemes like maternity benefits, pension, advances for purchase and construction of houses, disability pension, payments of funeral assistance, medical assistance, financial assistance for education and marriage of children. Further, in pursuance of the Hon'ble Supreme Court order (4 September 2015) on improper utilisation of the cess, Ministry of Labour and Employment issued (7 June 2016) an order prohibiting expenditure of cess for any purpose other than the welfare of building and construction workers and their families.

As per Financial Statements of the Board for year 2017-18, out of the Board's total income amounting to ₹ 24.17 crore, the cess received was ₹ 18.41 crore and interest on bank deposits was ₹ 5.76 crore. Thus, it is evident that the revenue of the Board consists of cess and interest earned from the cess fund. Therefore, the expenditure of this fund was required to be restricted to the purposes defined in the Act. It was observed during audit of Labour Department (March –April 2019) that the Board incurred an expenditure of ₹ 53.88 lakh for May Day' 2017 celebrations (event) which was in contravention of provisions of BOCW Act.

The event, which was organised at the Mining Grounds, Rangpo, was funded entirely by the Board. The flags and banners of a political party were also displayed prominently at the venue of the event. The entire expenditure of ₹ 63.87 lakh shown for organising the event was not supported by vouchers/ records and vouchers were produced for ₹ 55.33 lakh only and for balance amount of ₹ 8.54 lakh⁸⁵, no records/ vouchers in support were produced to audit. The vouchers for ₹1.45 lakh paid to the Chairman of the

⁸⁵ ₹63.87 lakh - ₹55.33 lakh = ₹8.54 lakh

Organising Committee, for meeting miscellaneous expenses were also not made available to Audit.

An analysis of the expenditure of ₹ 53.88 lakh⁸⁶ which was incurred for the event, showed that it was mainly for organizing the event ,comprising of food expenses , provision of water, conveyance expenses of organizers/ hiring of vehicles for the attendees namely labourers/workers and publicity expenditure for the event. Thus the entire expenditure could not be said to have been incurred as welfare measure for the labourers or their families.

In reply, the Management stated (June 2019) that the proposal for celebration of May Day 2017 was approved by the Chief Minister. The programme was organised to create mass awareness amongst the workers about their rights, duties and the facilities provided by the Board.

The reply is not tenable because though the Chief Minister approved the event, the Board had incurred expenditure out of Cess fund on inadmissible items which were not for the welfare of the labour class. The Board is otherwise supposed to register the workers and create awareness of various schemes meant for their welfare, but this event was more of a publicity event. The Cess fund meant for welfare of construction workers were thus irregularly utilized by the Board for organising the May day event.

Recommendation: The Board may place a robust internal control mechanism to ensure that Cess funds are utilized for the intended purpose and there is no inadmissible expenditure.

Sikkim Police, Government of Sikkim

5.4 Non-recovery of Government revenue

The Department did not execute a legally binding Memorandum of Understanding (MoU) with private hydel power companies resulting in non-recovery of charges of ₹ 1.70 crore on account of deployment of Sikkim Armed Police Force.

In terms of Rule 50(1) of Sikkim Financial Rules (SFR) 1979, the head of every department/ office shall be responsible to ensure that all revenue, receipt or other sums due to Government are regularly and promptly assessed, realized and credited to Government account. Further Rule 27 (1) of SFR provides that no contract shall be entered into by an authority which has not been empowered to so by the Government and Rule 27 (10) lays down that every contract should contain suitable penal provisions against any breach or non-fulfilment of the contract or any of its terms by the contractors.

⁸⁶ ₹ 55.33 lakh - ₹ 1.45 lakh = ₹ 53.88 lakh

Scrutiny of records of office of the Director General of Police (DGP) revealed (November 2019) that three Memorandum of Understandings (MoUs) were signed between Sikkim Armed Police Force (Commandant of the Sikkim Armed Police) and three private firms⁸⁷ (Hydel Power Generation Companies) for deployment of police personnel on request of these firms. The terms and conditions of all MoUs were identical. As per MoUs, the firms were required to bear the actual expenditure for the deployed personnel. The expenditure statement on account of deployment was to be presented to the firms on quarterly basis and the reimbursement made within shortest possible time preferably within 30 days. In case of delay, the interest was to be levied as per government rules.

It was noticed in audit that Department could not recover part of the deployment charges amounting to ₹ 1.70 crore (November 2019) from these three firms for the period 2009-18, as detailed below:

Table 5.3: Details of deployment charges

Sl. No.	Name of Private Firms	Date of signing of MoUs	Period of deployment of police personnel	Total deployment charges recoverable (in ₹)	Deployment charges recovered (in ₹)	Outstanding deployment charges as on 31 March 2019 (in ₹)
1.	M/s Shiga Energy Pvt. Ltd. West Sikkim	1 February 2012	February 2012 to May 2013	1,11,45,367	79,80,000	31,65,367
2.	M/s Dans Energy Pvt. Ltd. South Sikkim	1 February 2012	February 2012 to May 2013	1,12,34,597	71,80,295	40,54,302
3.	M/s Himagiri Hydro Energy Pvt. Ltd. North Sikkim	26 March 2009	April 2009 to June 2018	1,99,94,986	1,01,73,727	98,21,259
Total				4,23,74,950	2,53,34,022	1,70,40,928

Source: Police Departmental records

As the firms were not reimbursing the deployment charges within specified time and substantial recoverable dues had fallen in arrears, the Director General of Police (DGP) proposed (October 2015) to Chief Secretary (CS) for initiating legal action against the firms mentioned at Sl. No. 1 and 2 in above table. The CS in turn directed the Secretary (Home) to initiate Certificate Proceedings through Deputy Collector (East). The Secretary (Home) referred (November 2015) the matter to Law Department (LD) for advice. The LD noted (December 2015) that MoUs had not been referred to LD for vetting before execution and observed that MoUs were defective as due procedure had not been followed while executing the same and the authorised person not even signed the MoU. Further, there was no clause on mechanism to recover dues, in case, the firms failed to reimburse the dues.

⁸⁷ 1. M/s Shiga Energy Pvt. Ltd. West Sikkim 2. M/s Dans Energy Pvt. Ltd. South Sikkim 3. M/s Himagiri Hydro Energy Pvt. Ltd. North Sikkim

Thus, due to non-observance of provisions of the SFR and the laid down procedure for execution of the MOUs by the Department resulted in non-recovery of Government revenue of ₹ 1.70 crore from private firms.

The Department, in reply, accepted (November 2020) that the recovery had not been effected and added that it would be difficult to recover the dues from the firms as they are no more in existence. The reply, as regards non-existence of the firms, is factually incorrect as two⁸⁸ (out of three) firms have already been commissioned and were functional and generating energy as of November 2020. As regards third firm (M/s Himagiri Hydro Energy Pvt. Ltd. North Sikkim), the construction work was in progress as of November 2020.

Recommendations:

- ***The Department may serve notices to the firms and take all steps for recovering the dues based on the existing MOUs.***
- ***In future, the Department may ensure that they execute legally sustainable MoUs with penal provisions, before deploying precious manpower for private security.***

⁸⁸ (i) M/s Shiga Energy Pvt. Ltd. West Sikkim (Commissioned in September 2015); (ii) M/s Dans Energy Pvt. Ltd. South Sikkim (Commissioned in October 2017).

Chapter VI
Follow up of Audit
Observations

CHAPTER VI FOLLOW UP OF AUDIT OBSERVATIONS

6.1 Follow up action on earlier Audit Reports

Audit observations on financial irregularities and deficiencies in maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the audited departments and to the higher authorities through Inspection Reports (IRs).

Serious irregularities noticed in audit are included in the Report of the Comptroller and Auditor General of India (Audit Reports) and presented to the State Legislature. According to the instructions issued by the Finance Department, Government of Sikkim, all the concerned administrative departments were required to furnish explanatory notes on the paragraphs/Performance Audits included in the Audit Reports within one month from the date of issue of the Audit Reports.

It was, however, noticed that as of November 2019, in 12.5 per cent cases (inclusive of PSU and Revenue Sectors), the concerned administrative departments had not submitted the explanatory notes on the paragraphs/Performance Audits included in the Audit Report pertaining to the year 2012-13. In respect of Audit Reports for the years 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18, explanatory notes had not been submitted by concerned departments in 78, 47, 75, 94 and 100 per cent cases respectively. The position of *suo motu* explanatory notes not received as on 30 November 2019 is shown in the table below:

Table 6.1: Explanatory notes not received (as on 30 November 2019)

Year of Audit Report	Date of placement of Audit Report in the State Legislature	Total performance audits (PAs) and Paragraphs in the Audit Reports		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2012-13	28.06.2014	04	12	01	01
2013-14	17.03.2015	04	10	04	07
2014-15	28.03.2016	04	15	01	08
2015-16	18.03.2017	04	12	04	08
2016-17	12.07.2018	06	12	06	11
2017-18	02.08.2019	02	14	02	14

6.2 Response of the departments to the recommendations of the Public Accounts Committee

The Finance, Revenue and Expenditure Department (FRED) issued instructions to all departments to submit Action Taken Notes (ATNs) on various suggestions, observations and recommendations made by Public Accounts Committee (PAC) for their consideration within 15 days of presentation of the PAC's Reports to the Legislature. The PAC's Reports/recommendations are the principal medium by which the Legislature enforces financial accountability of the Executives to the Legislature and it is appropriate that they elicit timely response from the departments in the form of ATNs.

PAC had discussed Audit Reports for the year up to 2011-12 and given recommendations on the Audit Reports for the year up to 2010-11. As of November 2019, ATNs had been received in respect of all 614 recommendations of the PAC, made for the Audit Reports for the years between 1990-91 and 2010-11.

6.3 Monitoring

The following Committees had been formed at the Government level to monitor the follow up action on Audit related matters:

Departmental Audit and Accounts Committee: Departmental Audit and Accounts Committee (DAAC) had been formed (November 2010) by all departments of the Government under the Chairmanship of the departmental Secretary/Head of Department to monitor the follow up action on Audit related matters. The DAAC's function was to monitor the response and corrective action on findings reported in the IRs issued by the Principal Accountant General (PAG). It was to hold meetings once in three months and to send quarterly action taken report on the issues to the State Audit and Accounts Committee. During 2018-19, no DAAC meeting was held.

State Audit and Accounts Committee: State Audit and Accounts Committee (SAAC) had been formed (June 2010) at the State level under the Chairmanship of the Chief Secretary. This was to monitor the response and corrective action on the findings reported by Audit to review and oversee the working of DAAC and also to hold meetings once in three months. The information in this regard was not furnished, though called for.

After formation of DAAC and SAAC by the State Government, not a single Department approached to settle outstanding paragraphs and IRs during the period 2016-19.

6.4 Outstanding Inspection Reports

The PAG conducts periodical inspection of the Government departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up by issuing IRs on irregularities detected during the inspection and not settled on the spot, to the Heads of the Offices inspected, with copies to the higher authorities for taking prompt corrective action. The Heads of the Offices are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG within one month from the date of the issue of the IRs. Serious irregularities are reported to the Heads of the departments and the Government.

The position of outstanding IRs pertaining to Civil (Expenditure audit including that of Works, Forest and Autonomous Bodies), Revenue (Audit of Revenue departments) and Commercial (Audit of State Public Sector Undertakings) audit as of March 2019 is shown below:

Table 6.2: Position of outstanding Inspection Reports and Paragraphs

Year	Civil (including works, Forest and Autonomous Bodies)		Revenue		Commercial	
	No. of IRs	Paragraphs	No. of IRs	Paragraphs	No. of IRs	Paragraphs
Upto 2013-14	569	1,303	57	133	38	96
2014-15	116	375	2	5	10	43
2015-16	120	453	9	35	10	71
2016-17	86	349	10	28	6	52
2017-18	106	441	7	20	4	19
2018-19	138	597	11	35	7	38
Total	1,135	3,518	96	256	75	319

As of March 2019, 1,135 Inspection Reports (IRs) (3,518 paragraphs) issued from 1990-91 onwards were pending for settlement. This large pendency of IRs was indicative of inadequate actions by the Heads of offices and departments in respect of remedial measures that should have been taken on the irregularities pointed out by Audit through the IRs.

6.5 Departmental Audit Committee Meetings

The position of Audit Committee Meetings for the year 2018-19 are detailed below:

Table 6.3: Position of Audit Committee meetings held and IRs/Paragraphs discussed/settled

Sector	No. of meetings	Discussed		Settled	
		IRs	Paragraphs	IR	Paragraphs
Civil (including Works, Forest and Autonomous Bodies)	06	60	242	31	169
Revenue	01	12	60	04	14
Commercial	-	-	-	-	-
Total	07	72	302	35	183

During 2018-19, seven Audit Committee Meetings were held with Power Department, Sikkim Khadi & Village Industries Board, Tourism & Civil Aviation Department, Forest Department, Cooperation Department, Sikkim State Welfare Board and Excise Department where 72 IRs and 302 paragraphs were discussed, out of which 35 IRs and 183 paragraphs were settled.

Gangtok
The: 25 June 2021



(SUSHIL KUMAR)

Principal Accountant General (Audit), Sikkim

Countersigned

New Delhi
The: 30 June 2021



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

Appendices

Appendix-2.1

Scheme-wise details of construction of roads

(Reference: Paragraph 2.3.1)

Sl. No.	Name of Scheme	Objectives	Funding pattern	Total number of works	Sanctioned cost	Financial progress (3/19)
					(₹ in crore)	
1	State Earmarked Fund (SEF)	Under State funding, projects which are financed for construction of roads and bridges by Roads and Bridges Department.	State funding	54	1118.62	199.78
2	Externally Aided Project (EAP)	The RBD took up execution of one road project under financial assistance from the Asian Development Bank (ADB) to be implemented over a period of five years (2011-2016) with the objective of improvement of 29.20 km of priority roads.	90:10	01	191.03	69.86
3	Non-Lapsable Central Pool of Resources (NLCPR)	To ensure speedy development of infrastructure in the NER by increasing the flow of budgetary financing for new infrastructure projects/schemes in the region.	90:10	11	313.62	185.41
4	North East Special Infrastructure Development Scheme (NESIDS)	To fund projects of physical infrastructure relating to water supply, power and connectivity enhancing tourism and Social infrastructure relating to primary and secondary sectors of education and health.	100 by GoI	01	88.54	4.43
5	North East Council	For the economic and social development of the North Eastern Region including Sikkim.	90:10	04	189.02	156.42
6	Central Sponsored Schemes (CSS)	CSS are implemented by State Government but are largely funded by the Central Government with a defined State Government share.	100 by GoI	08	128.43	70.41
7	Central Road Fund (CRF)	CRF is a non-lapsable fund created under Central Road Fund Act 2000. It is procured out of the total cess/tax imposed by the Union Government on the consumption of Petroleum products.	100 by GoI	23	154.41	32.97
8	Additional Central Assistances (ACA)	ACAs are one-time assistance given to a particular State for undertaking important State specific programmes and schemes.	100 by GoI	01	1.25	1.09
9	National Bank for	Rural Infrastructure Development Fund (RIDF) to	90:10 Loan from	42	240.16	145.57

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Sl. No.	Name of Scheme	Objectives	Funding pattern	Total number of works	Sanctioned cost	Financial progress (3/19)
					(₹ in crore)	
	Agricultural and rural Development (NABARD)- Rural Infrastructure Development Fund (RIDF)	be operationalised by NABARD towards financing of rural infrastructure projects.	NABARD			
10	NABARD Infrastructure Development Assistance (NIDA)	NIDA provides assistance for rural infrastructure development outside of RIDF borrowing. NIDA offers direct financing based on risk appraisal of every specific projects.	90:10 Loan from NABARD	08	175.71	157.21
11	Tribal Sub-Plan (TSP)	The basic objective is to channelise the flow of outlays and benefits for the development of Scheduled Tribes in proportion to their population.	100 by GoI	07	17.22	13.53
12	Sikkim Transport Infrastructure Development Fund (STIDF)	The STIDF was constituted for funding creation, development, maintenance or improvement of transport infrastructure.	100 by State Government	44	294.58	168.52
13	Housing and Urban Development Corporation Limited (HUDCO)	HUDCO a Government owned corporation had been financing infrastructure projects since 1989 as term loans.	90:10 Loan from HUDCO	23	241.58	166.54
Total				227	3154.17	1371.74

Appendix-2.2

Details of selection of schemes
(Reference: Paragraph 2.3.5)

Sl. No.	Name of Scheme	Total number of projects	Sanctioned cost	Financial progress	Selected/ not selected	Project selected	Name of selected projects
			(₹ in crore)				
1	NLCPR	11	313.62	185.41	Selected	04	1) Upgradation of Rongli Rorathang Road 2) Construction of Link Road from Passingdong PHC to Lingthem Gumpa and Lingthem School. 3) Upgradation to Intermediate Standard of Gangtok-Rumtek-Sang Road (via Old Rumtek Monastery) 4) Double laning of Ranka-Sichey Road
2	NEC	04	189.02	156.42	Selected	02	1) Widening, improvement & carpeting of Reshi-Legship-Bermiock Road 2) Surface Strengthening i/c drainage & carpeting of Sombaria Hilley Road
3	CRF	23	154.41	32.97	Not selected as comprehensively covered in PA during 2012-13	--	
4	CSS	08	128.43	70.41	Selected	03	1) Upgradation & carpeting of Namchi-Sikkip-Wok Road. 2) Upgradation widening and improvement of Budang Chumbong-Chakung-Soreng Road 3) Upgradation widening, drainage, carpeting and protective work on Chuba Parbing Road
5	TSP	07	17.22	13.53	Not selected as comprehensively covered in PA during 2014-15	--	
6	NABARD-RIDF	42	240.16	145.57	Selected	13	1) Construction of new road from Zhapzhapey to Pakki Goan 2) Construction of Road from Dong Ambotey School to Harrabotey. 3) Construction of Road from Salghari PHSC to Farasey Goan via Panchayat Bhawan. 4) Construction of Road from Chamchey via Lachithang to Upper Wok

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Sl. No.	Name of Scheme	Total number of projects	Sanctioned cost	Financial progress	Selected/ not selected	Project selected	Name of selected projects
			(₹ in crore)				
							5) Construction of approach roads to Upper Sreebadam Gumpa and Sreebadam Gumpa. 6) Const. of approach road from Tikjuk Mechanical Workshop to Nhingshang Gumpa via Baydong-Tikpotam 7) Construction of road from LANCO road Samardong to Burul 8) Construction of truckable road from Phungdara (NamchiPhong Road) to Upper Phalidara 9) Construction of road from Lower Tingrithang School to Namchi Wok Road 10) Const of road from Namphok Sirsire Dara via L/Baran 11) Const of 2.15 km road from Yangyang Makha road to Yangang Rangang 12) Strengthening Carpeting along Pakyong-Karthok Rai Goan 13) Installation of Crash Barriers in Various Roads of Sikkim
7	NIDA	08	175.71	157.21	Selected	03	1) Soreng-Sombaria Road 2) Sang-Sirwani Road 3) Namchi-Phong-Mamring Road
8	ACA	01	125.00	109.35	Not selected considering Low financial materiality ₹ 1.09 crore which is 0.08% of total expenditure.	--	
9	STIDF	44	294.8	168.52	Selected	13	1) Improvement of Pakyong-Mamring-Tarethang-Rorethang Road. 2) Construction of Road from Rinchenpong Deorali to Upper Chuchen Primary School 3) Construction of Road from Kalez Khola Power House Intake to Jhakri Dhunga via Milling Ferek 4) Upgradation of Radhu Khandu Road 5) Upgradation of Soreng Kaluk Road to Lower Samdong 6) Improvement of Kholaghari-Jaubari Road 7) Carpeting, protective and drainage works to Khedum Village 8) Construction of Link Road from Rangan Busty to Upper Rangang

Sl. No.	Name of Scheme	Total number of projects	Sanctioned cost	Financial progress	Selected/ not selected	Project selected	Name of selected projects
			(₹ in crore)				
							9) Construction of pre-stressed bridge over River Rangit along Legship Tashiding Road 10) Construction of road from Tanak to Middle Tarku 11) Construction of Road from Bermiok Legship Road to Srijunga Gufa at Lower Martam 12) Carpeting of Ben Thalabari to Manglay Road (Phase I) 13) Carpeting of road from Rong to Khani Gaon
10	EAP	01	191.03	69.86	Selected	01	1) Improvement and Up-gradation of road sections of Melli-Nayabazar and Nayabazar to Namchi
11	NESIDS	01	88.54	4.43	Not selected considering Low financial materiality ₹ 4.42 crore which is 0.31% of total expenditure.	--	
12	State Earmarked Funding (SEF)	54	1,118.61	199.78	Selected	16	1) Construction of new two lane road from Adampool to STP Ranka-Banjhakri Falls 2) Construction of New Road from Thasa to Nabey Busty 3) Construction of Link Road from Diu Damthang to VC Ganju Lama Road Ravangla via Sim Kharka 4) Construction of Link Road from Chekim to Rockland 5) Construction of Link Road from Reksum Gumpa at Tanzi 6) Construction of Link Road from Tanak to Tokdey 7) Carpeting of Nayabazar-Daramdin Pureytar Road 8) Diversion of Namchi Sikkip Wok road to Kamrang College 9) Carpeting of road from SBS road to Gor Secondary School 10) Construction of road from Jurassic park to L/Samdong via Kambal 11) Upgradation and carpeting of road from Liching Golai to Uttarey via Bandukay 12) Construction of New Fair Weather Roads 13) Construction of New Road from Upper Manzing to Bandey, Yangang 14) Surface, improvement works along Ranka Dhajey Zero to Ani Gumpa

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Sl. No.	Name of Scheme	Total number of projects	Sanctioned cost	Financial progress	Selected/ not selected	Project selected	Name of selected projects
			(₹ in crore)				
							15) Re-surfacing, strengthening and carpeting of road from Deorali Dara to Mining Dara via Echu Khola, Penlong 16) Surface improvement, drainage and carpeting along Cultural Park to Dhapper
13	HUDCO	23	241.58	166.54	Selected	07	1) Bermoik Phatak-Bermoik-Phong Road 2) Pelling-Dentam-Kaluk Road 3) Kewzing-Legship Road 4) DAC to Ringhim Gumpa 5) Strengthening, carpeting and drainage work along Melli Kerabari Turuk Sadam 6) Rongpo-Duga Road 7) Legship-Gyalshing Road

Appendix-2.3

Statement showing status of 227 road projects as of March 2019

(Reference: Paragraph 2.3.10.1)

Sl. No.	Name of Schemes	Year of Sanction	Name of Contractor	Date of commencement	Stipulated date of completion	Estimated Cost Sanctioned	Final Cost of the Project	Expenditure	Physical Progress	Status
STATE EARMARKED FUND										
1	Construction of New Road from Thasa to Nabey Busty	2017-18	Departmental	9-Jan-07	31-Mar-18	327.04	327.04	227.84	82%	U/Progress
2	Construction of Link Road from Diu Damthang to VC Ganju Lama Road Ravangla via Sim Kharka	2017-18	Mr Daniel Sherpa & Others	25-Sep-17	31-Mar-19	721.00	721.00	524.99	74%	U/Progress
3	Construction of Link Road from Sanganath to Rockland	2017-18	Mr. Ugen Choke Bhutia & Ms. Kunzang Doma Bhutia	8-Sep-17	9-Jul-18	331.53	331.53	139.66	55%	U/Progress
4	Const of 0.75 Km Road from PMGSY Road turning to Chungthang Village	2017-18	Co-operative Society	31.01.18	30.01.19	65.40	65.40	0.00	0%	U/Progress
5	Construction of 1.5 Km Diversion Road from Yangang Road to Helipad PMGSY Road	2017-18	Co-operative Society	19-Nov-18	18-Nov-19	223.20	223.20	50.00	70%	U/Progress
6	Construction of Link Road from Sangmoo Kedar Turning to Dojak Busty with 15 mts Span RCC Bridge	2017-18	Smt.Tshering Lhamu Bhutia,	13-Dec-17	12-Jun-19	393.84	393.84	71.50	40%	U/Progress
7	Construction of Link Road from Jorethang-Legship Road to Tatopani	2017-18	Mtr. Pritam Rai	8-Jan-18	7-Jun-18	180.68	180.68	64.76	92%	U/Progress
8	Construction of Jeepable Road from Sribadam to lower Sribadam	2017-18	Mr. Shyam Lall Subba	30-Aug-17	29-Aug-18	107.24	107.24	77.72	100%	U/Progress
9	Construction of Road from Samalingdum to Rameetaytar	2017-18	Departmental	1-Mar-17	1-Sep-18	500.00	500.00	355.60	100%	Completed
10	Construction of Link Road from Namchi-Mamring Road to Rheeksom Gumpa	2017-18	Shri Dilip Rai	21-Nov-17	20-Nov-18	107.70	107.70	69.82	90%	U/Progress
11	Construction of Approach Road to Resettlement Area Upper Yangang	2017-18	M/S Manzing Labour Co-operative Society Ltd.	10-Mar-17	10-Feb-18	59.95	59.95	57.45	100%	Completed
12	Link Road from Tanak to Tokdey	2017-18	Co-operative Society	30.09.17	29.09.18	48.90	48.90	10.00	0%	F/Clearance
13	Immediate Restoration & Traffic Clearance of 2.90 km from Upper Rangrang road to Majuwa Busty via Lingmoo road	2017-18	Co-operative Society	25.06.18	31.03.19	161.70	161.70	123.58	100%	Completed

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Sl. No.	Name of Schemes	Year of Sanction	Name of Contractor	Date of commencement	Stipulated date of completion	Estimated Cost Sanctioned	Final Cost of the Project	Expenditure	Physical Progress	Status
14	Construction of Gangtok-Adam-pool-Ranka Sichey Bye Pass Road	2017-18	Mr. Karma Norbu Bhutui	9-Nov-17	30-Sep-19	6167.05	7891.05	4062.00	65%	U/Progress
15	Upgradation of Rongli -Talkharka Road and strengthening of Bungling road at south Regu road in East Sikkim	2018-19	Shri Mohan Pd. Rai	27-Feb-18	11-Feb-21	2073.82	2073.82	480.79	25%	U/Progress
16	Carpeting of Nayabazar-Darmin Pureyatar	2017-18		30-Aug-17	29-Aug-18	2444.08	2444.08	1374.03	72%	U/Progress
17	Construction of New Road from Upper Manzing to Bandey, Yangang	2018-19	-	25.06.18	24.06.19	442.85	442.85	0.00	9%	U/Progress
18	Upgradn of Ranipool Pakyong Road on inauguration of Pakyong Airport.	2018-19	-	25-Aug-18	24-Aug-20	809.31	809.31	300.00	100%	Completed
19	Upgradation of Kingstone Simana Khola	2018-19	Shri Kamal Adhikari	17-Jul-18	16-Jul-20	189.61	189.61	81.92	40%	U/Progress
20	Upgradation of Aritar to Hathicheray road	2018-19	Shri Yadav Sharma	30-Aug-18	29-Aug-20	175.00	175.00	27.00	15%	U/Progress
21	Improvement of approach road to Mantam Lake, Upper Dzongu	2018-19	Kishan Agarwal	-	-	215.10	215.00	100.00	40%	U/Progress
22	Diversion of Namchi Sikkip Vok road to Kamrang College	2018-19	Smt. Rozalin Rai	22-Feb-19	21-Feb-20	116.38	116.38	34.97	95%	U/Progress
23	Construction of road from Yangyang Makha Road to Lower Rangrang	2018-19				47.05	47.05	5.00	30%	U/Progress
24	Construction and carpeting of approach road to Magarjung	2018-19	Mr. Puran Rai	27-Feb-18	26-Feb-19	246.42	246.42	80.00	78%	U/Progress
25	Construction of road from Jhakri Dunga to Konabar, West Sikkim	2018-19		9-Apr-18	-	579.00	579.00	61.03	10%	U/Progress
26	Strengthening of Approach road to Lingdong Monastery in East Sikkim	2018-19		1-Mar-18	1-Mar-19	44.00	44.00	43.57	100%	Completed
27	Approach road to Chakta Rimpoche Gumpa to Gangyap Tashiding	2018-19	Shri Zamyang Kunga	20-Mar-18	19-Apr-18	54.18	54.18	32.38	67%	U/Progress
28	Re-surfacing, strengthening and carpeting of road from Deorali Dara to Mining Dara via Echu Khola, Penlong (2km) in East Sikkim	2018-19	Departmental	1-Mar-18	1-Mar-19	206.85	206.85	121.02	100%	Completed
29	Improvement of alignment and road geometrics along Syari Co-operative to Middle Syari School	2018-19	Smt Tulshi Lama	19-Feb-19	30-Jun-19	203.56	203.56	50.00	80%	U/Progress
30	Carpeting of road from SBS road to Gor Secondary School	2007-08		9-Apr-18	Aug-19	391.66	597.64	355.81	60%	U/Progress
31	Construction of road from Samdung Juresik park to Kambal	2018-19	Departmental	20-Feb-18	19-Jan-20	923.84	923.84	245.25	75%	U/Progress
32	Construction of New Road from Pachak to Padamchey via Kamarey	2018-19	-	-	-	1513.56	1513.56	0.00	0%	Process for Sanction

Sl. No.	Name of Schemes	Year of Sanction	Name of Contractor	Date of commencement	Stipulated date of completion	Estimated Cost Sanctioned	Final Cost of the Project	Expenditure	Physical Progress	Status
33	Construction of Link road from lower chota samdung to Diwani Tar via Middle Chota Samdung	2018-19	Mr. Rajen Kr. Rai	20-Mar-18	19-Sep-19	464.60	464.60	210.00	80%	U/Progress
34	Surface, improvement works along Ranka Dhajey Zero to Ani Gumpa	2018-19	Departmental	1-Mar-18	1-Mar-19	118.18	118.18	100.00	100%	Completed
35	Carpeting from ICFAI College to STP Sichey	2018-19	Departmental	1-Mar-18	1-Mar-19	181.32	208.89	75.00	65%	U/Progress
36	Construction of Link road from NH-10 (Near Old India Press Burtuk) towards ICDS building and Gurung Gaon via Gurung Crematorium	2018-19		19-Feb-18	Jun-19	506.85	506.85	50.00	0%	Work Order Issued, FC under process.
37	Upgradation Surfacing of Approach Road to Dikchu Mines	2018-19	Departmental	1-Mar-18	1-Mar-19	170.97	170.97	69.96	100%	Completed
38	Construction of Approach Road to Bethesda Church at Sang	2017-18		30-Aug-18	29-Aug-19	87.43	87.43	0.00	12%	U/Progress
39	New Road from Chakung Soreng to Barbotey via Rupsang	2018-19				332.23	332.23	50.00	30%	U/Progress
40	Construction of Approach Road from Marchak Tumlabong Road to Alley	2018-19	Smt Manu Maya Chettri	29-Jun-18	6-Jun-19	186.20	186.20	0.00	40%	U/Progress
41	Construction of Road from Bhamsey PWD Road to Chuwan Turning via Kali Khola and Construction of 15 mtr Span Steel Bridge.	2018-19	-			1006.70	1006.70	0.00	0%	Under Process for Sanction
42	Construction of link road from Krishna Mandir to Taza PMGSY road under Pakyong Sub-Division	2018-19	-			267.38	267.38	0.00	0%	Tender process completed
43	Approach Road to Food Godwan at Paiyong	2018-19				38.97	38.97	0.00	0%	Work Order Issued
44	Upgradation and carpeting of road from Liching Golai to Uttarey via Bandukhey	2018-19	Bishal Muli Hang Subba	25-Jan-19	24-Jul-21	1831.40	1831.14	250.00	10%	U/Progress
45	Construction & upgradation of Namthang to Kateng Road	2018-19				2070.60	2070.60	0.00	0%	Work Order Issued
46	Carpeting work along approach road to Phodong Gumpa, North Sikkim	2018-19	-			9.49	9.49	0.00	0%	Process for Tender
47	Carpeting of road to new MPCSC warehouse at Phodong	2018-19	-			15.00	15.00	0.00	0%	Process for Tender
48	Road carpeting of Phodong Gumpa from entrance gate to main ground	2018-19	-			20.00	20.00	0.00	0%	Process for Tender
49	Carpeting work from NSH to Phodong PHC in North Sikkim	2018-19	-			15.00	15.00	0.00	0%	Process for Tender
50	Surface Improvement, Drainage and Carpeting along Cultural Park to Dhapper in South Sikkim	2016-17	-			340.69	531.71	337.64	100%	Completed
51	Construction of New Fair Weather Roads	2018-19	-			74978.88	74978.88	7269.18	-	U/Progress

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Sl. No.	Name of Schemes	Year of Sanction	Name of Contractor	Date of commencement	Stipulated date of completion	Estimated Cost Sanctioned	Final Cost of the Project	Expenditure	Physical Progress	Status
52	Rehabilitation and restoration of damages stretch of NH310 at Ranipool-Gangtok-Bypass road for a length of 8.80 kms	2018-19				441.28	1004.34	213.62	100%	Completed
53	Old Land, Damage & House Compensation Laibilities	2018-19				5506.25	5506.25	1943.46	-	U/Progress
54	Maintenance of various roads					0.00	489.66	181.19		U/Progress
	EAP									
1	Improvement and Up-gradation of road sections of Melli-Nayabazar (Section from Km 17.10 to Nayabazar (SK01) and Nayabazar to Namchi (SK02) (Tranche 1 roads in the State of Sikkim) (Central Share)	2010-11	M/S B. V. S. R Construction Pvt. Ltd.	28-Mar-13	Mar, 18	8901.00	17868.00	6348.13	83%	U/Progress
	Improvement and Up-gradation of road sections of Melli-Nayabazar (Section from Km 17.10 to Nayabazar (SK01) and Nayabazar to Namchi (SK02) (Tranche 1 roads in the State of Sikkim) (State Share)		M/S B. V. S. R Construction Pvt. Ltd.	28-Mar-13	Mar, 18	638.00	1235.00	638.00		U/Progress
	NLCPR									
1	Upgradation of Rongli Rorathang road	2013-14	Smt Devi Dakhal	11-Jul-03	12-Jul-15	1775.03	2168.53	1812.50	100%	Completed
2	Construction of Link Road from Passingdong PHC to Lingthem Gumpa and Lingthem School.	2008-09	Mr. Krishna Agarwal	11-Feb-09	31-Dec-12	765.55	1914.43	1659.27	88%	U/Progress
3	Construction/ Improvement of road Sribadam - Deythang- Mangalbarey	2008-09	Mr. Norden Bhutia & Co-operative Society	17-Mar-09	31-Mar-11	1680.26	1935.08	1622.95	100%	Completed
4	Upgradation to Intermediate Standard of Gangtok - Rumtek- Sang Road in East Sikkim (23.728 kms via Old Rumtek Monastery)	2016-17	Sunil Kr. Agrwal	20-May-11	31-Dec-19	6211.92	13972.27	6649.47	82%	U/Progress
5	Costruction of Pre-stressed Bridge over River Rangit on Legship - Tashiding Road	2008-19	Mahabir Pd. Agrawal	17-Mar-09	Oct-17	1392.45	3446.04	2473.00	93%	U/Progress
6	Construction of Link road from Middle Tumin to Dhanbari via Namrang in East Sikkim.	2008-09	Gyaltzen Bhutia	1-Oct-15	1-Oct-19	502.80	569.22	417.13	98%	U/Progress
7	Construction of Bridge over Rangit River at Kitchudumra, Namchi-Sikip	2017-18	Mr. Padam Gurung	3-Sep-18	-	1374.95	2086.01	526.80	5%	U/Progress
8	Construction of Road from Latuk Thek to Rolep	2017-18	Rikki Agarwal	2-Apr-18	2-Oct-20	855.98	1025.87	211.60	25%	U/Progress

Sl. No.	Name of Schemes	Year of Sanction	Name of Contractor	Date of commencement	Stipulated date of completion	Estimated Cost Sanctioned	Final Cost of the Project	Expenditure	Physical Progress	Status
9	Construction of 70 Mtr Span Rorochu Steel Bridge along GRBA Road	2017-18	Mr. Karma Tshering Lama	-	-	1075.14	1075.14	377.05	40%	U/Progress
10	Double laning of Sichey - Ranka Road	2010-11	Shri T . Lachungpa	3-Jun-11	31-May-14	2563.23	2563.23	2322.87	98%	U/Progress
11	Upgradation & carpeting of Link road from Kaluk Dentam road Km 4th (Bermiock) to Legship Bermiock road Km 10th (Shivalaya mandir.)	2013-14	Smt Rupa Sharma	21-Oct-13	22-Oct-15	606.14	606.14	468.45	97%	U/Progress
NESIDS										
1	Construction of two lane balanced cantilever bridge over river Kanaka at Kayum Dzongu, North Sikkim	2018-19	NPCC			8854.00	8854.00	442.70	0%	Drawing and Design Payment made
NEC										
1	Surface Strengthening i/c Drainage & carpeting of Sombaria Hilley Road	2005-06	Shri Kamal Kumar Rai	11-Nov-06	11-Oct-08	945.68	945.68	863.16	100%	Completed
2	Upgradation & Carpeting along Sang Khola Sumin Road in East Sikkim.	2015-16	Shiv Kr. Agarwal & Amit Agarwal & Mukesh Agrwal	24-Jun-15	25-Jun-17	1607.02	1984.49	1532.70	92%	U/Progress
3	Widening, improvement & carpeting of Reshi-Legship-Bermiock road	2012-13	Khusendra Sharma	22-Jan-13	31-Mar-19	3039.00	4076.00	3282.02	83%	U/Progress
4	Re-Surfacing and Restoration of Pabong Simtchuthang Yangyang road	2011-12	K.K.Group Pvt.ltd	11-May-11	31-Dec-17	11895.63	11895.63	9964.39	100%	Completed
CSS										
1	Upgradation widening, drainage, carpeting and P/W on Chuba Parbing	2010-11	Gopal Pradhan	30-Dec-10	30-Dec-13	967.88	1104.87	977.86	100%	Completed
2	Upgradation & Carpeting of Rimbi Yuksum Road	2002-03				500.70	555.71	500.70	100%	Completed
3	Upgradation of Melli- Payong & Kerabari road in South sikkim	2009-10	Bigyan Rai	2-Mar-10	Dec,12	944.72	1120.66	943.59	100%	Completed
4	Construction of road from Salangdang to Ramnam River connecting Lodhama (West Bengal) in West Sikkim. (Part -I)	2009-10	D.P Deokota	5-Sep-09	4-Oct-12	1647.00	1647.00	917.94	96%	U/Progress
5	Construction of steel bridges along Salangdang to Ramnam River(excluding steel parts) (Part -II) ISC	2009-10	D.P Deokota	5-Sep-09	4-Oct-12				0%	Land aquisition for bridge abutment of W.Bengal side is under progress.
6	Upgradation of Single lane road to intermediate lane from RAMNAM Bridge (West Bengal) to Sombarey in West Sikkim. ISC (29 Km)	2011-12	Bhagya Kalita	9-May-11	8-May-14	2824.00	2824.00	782.40	25%	Contract terminated
7	Upgradation & carpeting of Namchi Sikkip Vok road.	2013-14	M/S Parkha Enterprise	7-Aug-13	31-Dec-18	2472.43	2472.43	1681.06	98%	U/Progress

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Sl. No.	Name of Schemes	Year of Sanction	Name of Contractor	Date of commencement	Stipulated date of completion	Estimated Cost Sanctioned	Final Cost of the Project	Expenditure	Physical Progress	Status
8	Upgradation widening & Improvement of Budang Chumbong-Chakung -Soreng Road in West Sikkim. ISC (V)(22.16 Km)	2012-13	PKA -SNA(JV) NAMCHI	24-Jul-12	23-Jul-15	3118.51	3118.51	1237.41	70%	U/Progress
	CRF									
1	Construction of link road from legship-Gyalshing road to Bhanu Salik	2008-09	Departmental	3-Sep-08	30-Sep-13	225.72	225.72	199.73	100%	U/Progress
2	Surface Improvement, Drainage and Carpeting work along Lingee to Payong JHS including 35m Span Steel Bridge	2015-16	Abhimanyu Thapa	15-Jun-15	December-18	605.00	665.96	325.22	84%	U/Progress
3	Construction of 60m span (40 R loading) steel bridge over Thalung Chu/ Rungpee kyong (River) along Gulopchu- Bay road	2015-16	M/s Bey-Tholung Labour Co-opt Society.	1-Apr-16	1-Apr-19	503.00	503.00	333.72	53%	U/Progress
4	Provision for Micro Prismatic Retro-Reflective Sigh Board and road furniture along various state road	2015-16	M/s Buddha Traders	27-Nov-14	-	545.85	545.85	462.15	95%	U/Progress
5	Construction of 6 Km link road from Lower Payong to Middle Lingee via Lower Lingee under Yangyang	2016-17	Om Prakash Thapa	-	-	1098.54	1204.04	446.59	65%	U/Progress
6	Geometric improvment of curves i/e. Improvment of riding quality of existing Tasiding to Yuksom road	2016-17	Shri Tashi Chopel Bhutia	2-Oct-16	1-Oct-18	1521.00	1521.00	770.93	78%	U/Progress
7	Construction of 30M span 70 R Double lane steel bridge over Changay water falls along Pelling Dentam road in West Sikkim.	2016-17	Mr. Suraj Rai	20-Feb-17	19-Feb-19	400.00	400.00	0.00	2.5%	U/Progress
8	Surface improvment, Carpeting, Drainage and Protective works along Singshore Diversion road	2016-17	Shri Tashi Gyaltshen Bhutia.	2-Dec-16	2-Dec-18	335.00	335.00	129.43	0%	U/Progress
9	Geometric improvement, Protection, Drainage & Carpeting works from Jogi Dara Turning to Dentam School and Lidungto Alpine Cheese factory	2017-18	Bishal Chandra Subba	6-Dec-17	5-Dec-19	548.89	548.89	70.01	28%	U/Progress
10	Construction of 70 R Loading 20m span bridge over sim Khola along Ranka Sichey	2018-19	Mr. Karma Tshering Lama	-	-	306.00	306.00	0.00	0%	Work Order issued
11	Construction of 70 R Loading 35m span bridge over Rani Khola along Ranka Sichey	2018-19	Mr. Karma Tshering Lama	Samdong	-	609.00	609.00	0.00	0%	Work Order issued
12	Construction of 70 R Loading 40m span bridge over Kali Khola along Ranka Sichey	2018-19	Mr. Karma Tshering Lama	-	-	647.00	647.00	0.00	0%	Work Order issued

Sl. No.	Name of Schemes	Year of Sanction	Name of Contractor	Date of commencement	Stipulated date of completion	Estimated Cost Sanctioned	Final Cost of the Project	Expenditure	Physical Progress	Status
13	Construction of 70 R Loading 25m span bridge over Seti Khola along Ranka Sichey	2018-19	Mr. Karma Tshering Lama	-	-	343.00	343.00	0.00	0%	Work Order issued
14	Construction of 25m span 70 R Loading single lane steel bridge over Meyong Kyung (River) along Gulop Kyung -Bay Road in Upper Dzongu, North Sikkim	2018-19	Mr. Ledong Lepcha,	-	-	349.00	349.00	0.00	0%	Work Order issued
15	Construction of 50m span 70 R Loading single lane steel bridge over Det Kyung (River) along Gor School Road in Lower Dzongu, North Sikkim	2018-19	Mr. Ledong Lepcha,	-	-	688.00	688.00	0.00	0%	Work Order issued
16	Upgradation and Carpeting of Namchi Damthang road to Tingrithang School	2018-19	Mr. Deepak Rai	-	-	754.00	754.00	0.00	0%	Work Order issued
17	Upgradation and Carpeting works Susuleydara to Nizrameng	2018-19	Mr. Indra Bahadur Gurung	-	-	579.00	579.00	0.00	0%	Work Order issued
18	Resurfacing work along Ben Thalabari to Manglay road	2018-19	Mr. Dichen Pintso Bhutia	-	-	612.00	1096.96	558.88	60%	U/Progress
19	Resurfacing and strengthening work from Rabong Tarku road km 12th (Ben School) to IB Golai Damthang in South Sikkim	2018-19	Mr.Tshering Phunstog Bhutia	-	-	1136.00	1136.00	0.00	0%	Work Order issued
20	Construction of new road from Baral Dara to Lower Bering via Gautam Gaon Kami Gaon	2018-19	Sushma Subba	13-Dec-18	12-Dec-20	323.00	323.00	0.00	15%	U/Progress
21	Construction of new road from Ganchung to Nalakthang in East Sikkim	2018-19	Mr. Zimba Gyatso Bhutia	-	-	1235.00	1235.00	0.00	10%	U/Progress
22	Construction of 30m span double lane bridge over Sumpu Khola at Saili Golai to Lower Rumbuk	2018-19	Tender Under Process	-	-	438.00	438.00	0.00	0%	Work Order issued
23	Resurfacing strengthening and carpeting of Raley Kambal Road	2018-19	Mrs. Saraswati Chettri	-	-	988.00	988.00	0.00	0%	Work Order issued
ACA/SPA										
1	Construction of link road from Upper Rayong PWD road to Lower Rayong	2011-12	Tinkitam-Rayong CS	02-Apr-11	02-Mar-12	125.00	125.00	109.35	83%	U/Progress
NABARD RIDF										
1	Construction of Road to Arubotey from Chakung Khaniserbong Road	2010-11	Co-operative Societies Chakung & Khanesherbong	19-Mar-11	18-Mar-12	456.02	456.02	394.10	100%	Completed
2	Construction of New Road from Zhap-Zhapey to Pakkigoan	2010-11	Co-operative Societies of Mallabassey	2-Apr-11	1-Apr-12	437.60	437.60	315.93	100%	Completed

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Sl. No.	Name of Schemes	Year of Sanction	Name of Contractor	Date of commencement	Stipulated date of completion	Estimated Cost Sanctioned	Final Cost of the Project	Expenditure	Physical Progress	Status
3	Construction of Link road from Pakkigoan to Budang -Chumbong	2010-11	Co-operative Societies of Mallabassey	4-Apr-11	3-Oct-11	291.32	291.32	170.36	90%	U/Progress
4	Construction of Raod from Nandu Goan to water pumping site via Samseybong ICDS and Harrabotey.	2010-11	Co-operative Society	15-Mar-11	15-Feb-12	504.32	504.32	380.15	100%	Completed
5	Construction of Road from Lower Goam to Bhandikhola Village.	2010-11	Co-operative Society	15-Mar-11	15-Feb-12	859.42	859.42	703.52	97%	U/Progress
6	Construction of Road from Dong Ambotey School to Harrabotey.	2010-11	Co-operative Society	22-Oct-10	22-Oct-11	668.32	668.32	557.09	90%	U/Progress
7	Construction of Road from Rothak to Segyong.	2010-11	Mabong Sigeng Ward No. 2 Male Labour CS	28-Nov-11	27-Dec-12	1093.79	1093.79	966.95	90%	U/Progress
8	Const of Road from Salghari PHSC to Farasey Goan via Panct Bhawan.	2010-11	Co-operative Society	13-Apr-11	13-Apr-12	285.79	285.79	201.65	89%	U/Progress
9	Construction of Road from Chamchey via Lachithang to Upper Wok.	2010-11	Co-operative Society	19-May-11	18-Apr-12	752.65	752.65	544.72	98%	U/Progress
10	Construction of New Road from Dhargaon Pry. School to Possang Zero.	2010-11	Co-operative Society	23-Oct-10	23-Sep-11	365.23	365.23	328.62	100%	Completed
11	Upgradation & Carpeting of Road from Salghari Baishal Goan to Lower Dorop Farashey goan SPWD Road.	2010-11	Co-operative Society	13-Apr-11	13-Apr-12	207.18	207.18	155.09	85%	U/Progress
12	Back Cutting & Carpeting of Road from CCCT to Dorop Salghari.	2010-11	Co-operative Society	19-Oct-11	19-Oct-12	212.00	212.00	141.20	80%	U/Progress
13	Construction of road from Rongdu School to Rangsang Khola Doban under Kaluk Sub-division	2010-11	Co-operative Societies of Bemiock - Berthang	25-Jan-11	24-Jan-12	202.69	202.69	121.21	92%	U/Progress
14	Construction of road from Kaluk-Rinchenpong road to Rinchenpong-Yangsum via Upper Karthok under Kaluk	2010-11	Co-operative societies	16-Apr-12	15-Apr-13	258.52	258.52	148.38	85%	U/Progress
15	Construction of link road from Khaniserbong-Kamling road to Suntaley.	2010-11	Co-operative Society of Khaniserbong	17-Dec-11	16-Dec-12	428.70	428.70	293.13	75%	U/Progress
16	Construction of approach roads to Upper Sreebadam Gumpa and Sreebadam Gumpa.	2010-11	Co-operative Society	14-Sep-11	13-Sep-12	450.24	450.24	230.36	87%	U/Progress
17	Construction of approach road from Tikjuk Mechanical Workshop to Nhingshang Gumpa	2010-11	Contractor Co-operative Society Ltd.	14-Sep-11	31-Mar-18	375.34	375.34	276.75	90%	U/Progress
18	Construction of road from Sardung towards Lunjik School	2010-11	CS of Sardung Lingjik	22-Jan-11	21-Jan-12	204.86	204.86	179.83	95%	U/Progress

Sl. No.	Name of Schemes	Year of Sanction	Name of Contractor	Date of commencement	Stipulated date of completion	Estimated Cost Sanctioned	Final Cost of the Project	Expenditure	Physical Progress	Status
19	Construction of link road from Phidang to Sangtok Village at Lower Dzongu North Sikkim Km 1 to Km 3 Bazar at Upper Lingmoo.	2014-15	Zoa Layong Educated Unemployed CS & Womens Labour CS.	1-Apr-16	1-Mar-18	469.62	469.62	321.82	90%	U/Progress
20	Construction of Truckable Road from Lower Nangdang to Mainabotey via Lower Tinkhola	2014-15	Co-operative Society	14-9-15	10.05.2017	448.17	448.17	407.38	98%	U/Progress
21	Construction of link road from Amlisay (Sumsi) to Sokpay (Upper Maidang) in South Sikkim	2014-15	Co-operative Society	6-Jan-15	31-Dec-18	453.21	453.21	106.89	47%	U/Progress
22	Construction of road from LANCO road samardong to Burul	2014-15	Co-operative Society	22.05.13	Upto 31.12.2017	364.91	364.91	279.67	90%	U/Progress
23	Construction of link road from Nandok School to Rizey Km 1st to 3rd in East Sikkim	2014-15	M/S Nandok Ward No. 2 Co-Operative Soc. Ltd.	7-Mar-14	7-Mar-16	265.60	265.60	159.55	85%	U/Progress
24	Construction of new road from Debrong to Chamgoan	2014-15	Co-operative Society	16-8-15	31.12.2017	350.75	350.75	97.14	24%	U/Progress
25	Construction of truckable road from Phungdara (Namchi Phong road) to Upper Phalidara in South Sikkim Km 1st to 3rd.	2014-15	Co-operative Society	8-11-14	31.03.2018	291.30	291.30	277.10	100%	U/Progress
26	Construction of road from Lower Tingrithang School to Namchi Wok road	2014-15	Co-operative Society	13-May-14	31-Oct-18	538.42	538.42	398.53	93%	U/Progress
27	Construction of link road from Upper Pathing PMGSY road to Paragliding spot via Gurung Gumpa	2014-15	Co-operative Society	5-Mar-15	31-Oct-17	561.26	561.26	164.08	88%	U/Progress
28	Construction of road from Namphok Sirsire Dara (Kalung Dara to Niya via Lower Baran) with 40 mtr. Span bridge.	2013-14	Contractors CS of Sreipatam & Bishnu Chettri.	28-Dec-13	31-Mar-16	738.06	738.06	525.89	96%	U/Progress
29	Construction of Road from Bhusuk to Shotaklakha in East Sikkim	2014-15	Shr. Ritesh Mundra	7-Jan-16	28-Dec-17	285.72	285.72	50.65	22%	U/Progress
30	Const of 2.15 km road from Yangyang Makha road to Yangang Rangang	2014-15		6-Nov-13	5-Nov-14	267.08	267.08	154.79	90%	U/Progress
31	Construction of link road from Satam to Gangla	2014-15	Co-operative Society	28-Dec-11	27-Dec-12	449.19	449.19	344.57	100%	Completed
32	Construction of Road from Tessithang to Chowri	2013-14	Co-operative Society	9-Mar-17	31-Mar-18	500.00	500.00	386.74	93%	U/Progress
33	Geometric improvement of curves including improvement of riding quality of existing Chongrang to Labdang in West Sikkim	2017-18	Shri Zamyang Kunga	22-Feb-18	21-Feb-21	2808.42	3153.31	1456.42	55%	U/Progress
34	Rimbi - Khechuperi Road	2016-17	Shri Norden D. Shangderpa	24-Feb-17	31-Mar-18	1503.34	1503.34	841.22	70%	U/Progress

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Sl. No.	Name of Schemes	Year of Sanction	Name of Contractor	Date of commencement	Stipulated date of completion	Estimated Cost Sanctioned	Final Cost of the Project	Expenditure	Physical Progress	Status
35	Rongli-Dalapchand Road	2017-18	Shri Srikrishan Agarwal			957.63	957.63	572.23	81%	U/Progress
36	Construction of new road from Namchi to Lower Salleybong	2018-19				283.15	283.15	0.00	5%	U/Progress
37	Tintek Dikchu Road	2018-19	Shri Binod Kumar Agarwal	2/13/2017		1232.29	1232.29	859.00	100%	Completed
38	Namchi-Kopchey Road to Lower Boomtar via Singithang.	2018-19	Shri Mahabir Pd. Agarwal	20-Apr-12	19-Apr-13	161.98	161.98	0.00	71%	U/Progress
39	Upper Ghurpisey to Phalidara.	2018-19	Shri Mahabir Pd. Agarwal			87.17	87.17	0.00	75%	U/Progress
40	Strengthening Carpeting along Pakyong-Karthok Rai Goan	2018-19	Shri Gajanand Agarwal			890.00	890.00	539.50	74%	U/Progress
41	Strengthening, carpeting and drainage works of Pakyong-Dikling road	2018-19	Shri Gajanand Agarwal			210.00	210.00	204.90	100%	Completed
42	Installation of Crash Barriers in Various Roads	2018-19				1500.00	1500.00	300.00	10%	Not commenced
	TSP									
1	Carpeting & strengthening of Bichu Road in Bichu Village	2007-08	Mr. Needup Lacungpa	21-Aug-08	21-Feb-10	298.00	298.00	220.57	98%	Vigilance Enquiry
2	Carpeting of approach Road to Ringhim Gumpa	2007-08	K.N. Lachenpa	14-Mar-08	18-Sep-09	268.00	268.00	205.85	90%	Vigilance Enquiry
3	Const of Approach Road to Medicine Pond and B-6 Water Fall	2007-08	Mr. Tempo Lepcha	6-Mar-08	6-Mar-09	105.00	105.00	79.41	80%	Vigilance Enquiry
4	Const of Guest House at Mangan	2008-09	Mr. K.J Lachenpa	23-Feb-09	31-Dec-11	187.08	187.08	187.08	100%	Completed
5	Carpeting of Road to Gumpa Dara Road in Soreng	2008-09	Triveni construction CS	15-Jun-10	14-Dec-12	250.00	250.00	207.34	95%	U/Progress
6	Upgradation of Ribdi - Bhareng Road	2008-09	Mr. Mohan Prasad Rai	2-Mar-09	7-Apr-12	400.00	400.00	350.21	100%	Completed
7	Exten of Bye - Pass Road to Singithang	2008-09	S Muktan	March '09	March '11	214.00	214.00	102.12	55%	U/Progress
	STIDF									
1	Improvement of Mamring - Tarethang - Rorethang	2011-12	Vastu Cnstruction P.Ltd,	19-Jul-11	18-Jul-13	1977.00	6329.17	3679.71	80%	U/Progress
2	Upgradation, Drainage and Protective Works along Lall Turning - Bashilakha Road	2013-14	Shri Kailash Rai	27-Nov-15	27-Nov-17	787.52	927.75	243.65	60%	U/Progress
3	Construction of Road from Rinchenpong Manalbarey - Deorali to Upper Chuchen Primary School	2008-19	Khusendra Sharma	17-Mar-09	15-Dec-12	1024.98	1024.98	743.93	86%	U/Progress
4	Construction of Road from Kalez Khola Power House Intake to Jhakri Dhunga via Milling Ferek	2018-19	Departmental	1-Oct-12	11-Jan-14	912.88	912.88	807.56	90%	U/Progress
5	Upgradation of Radu Khandu Road.	2011-12	Co-operative Society	23-Mar-12	31-Dec-13	540.00	540.00	309.96	67%	U/Progress

Sl. No.	Name of Schemes	Year of Sanction	Name of Contractor	Date of commencement	Stipulated date of completion	Estimated Cost Sanctioned	Final Cost of the Project	Expenditure	Physical Progress	Status
6	Upgradation of Soreng Kaluk Road to lower Samdong (4 Km) including Construction of 2 nos. of Bridges.	2012-13	Co-operative Society	21-Mar-12	20-Sep-13	503.00	503.00	455.29	90%	U/Progress
7	Construction of approach Road to Zoom School	2012-13		21-Mar-12	20-Sep-13	80.00	80.00	40.88	60%	U/Progress
8	Upgradation of Rinchenpong to Meyong School Road VIA Yangsum	2011-12	Co-operative Society	7-Apr-12	4-Jun-13	727.78	538.00	381.92	70%	U/Progress
9	Improvement of Kholaghari-Jaubari Road	2011-12	H. B. Rai, Damber Rai	July 11	12-Dec	1976.67	1976.67	1355.93	80%	U/Progress
10	Diversion of Manging- Slip - Yangang Road. (Construction of alternative Road from Upper Limgmoo (Daring Dara) to Mangzing	2017-18	Co-operative Society	21-Feb-12	30-Sep-17	585.00	585.00	342.68	83%	U/Progress
11	Construction of 3.45 Kms Dhojak diversion Road i/c Construction of 30 Mtrs & 40 mtrs bridges from Karki Golai to Ravangla Yangang Road.	2012-13	Co-operative Society	14.04.2012	13.04.2013	940.00	940.00	310.71	80%	U/Progress
12	Construction of Link Road from Rangrang Busty to Upper Rangang	2016-17				148.79	148.79	60.13	50%	U/Progress
13	Construction of approach road to Chamkhang Gumpa at Salep Lingdam	2012-13	Sonam Thendup Bhutia	1-Oct-12	30-Sep-14	176.32	176.32	23.69	30%	U/Progress
14	Construction of new Road from Samdong to Gyanalakha	2017-18	Shri Pema Gyalpo Bhutia	29-Mar-17	28-Sep-17	122.73	122.73	79.32	90%	U/Progress
15	Construction of Link Road from Tanak to Middle Tarku	2017-18	Mrs. Nima Lhamu Bhutia	8-Dec-16	7-Dec-17	264.00	264.00	105.00	50%	U/Progress
16	Construction of Link Road from Sewa Turning to Changeylakha	2011-12	Co-operative Society	13-Dec-11	12-Dec-13	389.70	389.70	42.95	60%	U/Progress
17	Construction of three Bridges along Assam-Pakyong	2010-11	Shri Kishore Kumar Rai.	4-Jun-11	20-May-14	590.98	920.28	617.19	90%	U/Progress
18	Construction of pre-stressed Bridge over River Rangit along Legship Tashiding Road in West Sikkim	2008-09	Mahabir Pd. Agrawal	17-Mar-09	Oct-17	2650.29	2650.29	1590.24	81%	U/Progress
19	State Share of Upgradation and Carpeting of Namchi Sikkip Wok Road	2016-17	M/S Parkha Enterprise	7-Aug-13	31-Dec-18	1438.04	1438.04	580.00	60%	U/Progress
20	Upgradation and Intermediate Lane of Budang to Soreng Road via Chakung and Chumbung	2017-18	PKA -SNA(JV) NAMCHI	24-Jul-12	23-Jul-15	465.25	465.25	399.52	85%	U/Progress
21	Carpeting of Sang Dipu Dara Road.	2011-12	-			293.34	293.34	279.25	100%	Completed
22	Carpeting of road from Sonamati Phurkey Dunga to Maney Gumpa.	2011-12	Co-operative Society	13-Sep-12	14-Sep-13	322.79	322.79	246.90	90%	U/Progress
23	Carpeting of road from Kadamtam to Assam Lingzey.	2011-12	-	28-Sep-12	27-Sep-13	268.00	268.00	162.74	93%	U/Progress
24	Carpeting of Link Road to Phadamchen Senior Secondary School.	2011-12	Co-operative Society	1-Apr-12	31-Mar-13	36.98	36.98	23.50	100%	Completed

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25	Carpeting of Approach road to Community Hall, Rongli.	2011-12	Co-operative Society	1-Apr-12	31-Mar-13	71.59	71.59	50.73	100%	Completed
26	Carpeting of SPWD Road above SDM Office, Pakyong.	2011-12	-	3-Jul-12	2-Sep-13	59.13	59.13	37.51	100%	Completed
27	Carpeting of 5 km. road from Sombaria to middle Siktam.	2011-12	Co-operative Society	13-Jun-12	12-Jul-13	326.92	326.92	288.65	100%	Completed
28	Construction of Road from Bermiok Legship Road, km 6th to Srijunga Gufa	2011-12	Co-operative Society	29-Mar-12	28-Mar-13	126.64	126.64	48.19	81%	U/Progress
29	Carpeting of Sombarey - Soreng road to Yangthang Karthok road.	2011-12	Co-operative Society	1-Oct-12	30-Sep-14	350.00	350.00	240.73	100%	Completed
30	Carpeting of Sang PHC .	2011-12				40.07	40.07	18.51	45%	U/Progress
31	Carpeting of road from Lingdum to Adampool.	2011-12	Mr. Karma Norbu Bhutua	1-Mar-18	1-Mar-19	332.80	332.80	267.32	100%	Completed
32	Upgradation, Carpeting, Protective & Drainage works to Lachen Gumpa	2011-12				131.31	131.31	127.41	100%	Completed
33	Carpeting of Bakcha Labi Road	2011-12	Co-operative Society	21-Mar-12	22-Mar-14	402.58	402.58	124.66	50%	U/Progress
34	Carpeting, Protective & Drainage works on Approach road to vet. Complex from NH	2011-12	M/s Theng Womens Labour Co-operative Society Ltd.	18-May-12	18-Nov-12	31.23	31.23	12.68	45%	U/Progress
35	Carpeting, Protective & Drainage works to Khedum Village	2011-12	Co-operative Society	16-Mar-12	17-Mar-14	152.15	152.15	10.80	15%	U/Progress
36	Carpeting of Dung Phyong to Namphung	2011-12	Co-operative Society	12-Apr-12	11-Apr-14	243.03	243.03	138.48	98%	U/Progress
37	Upgradation, Strengthening & Carpeting Works on Toong Shipgyer Road, Km. 1st to 5th, Upper Dzongu.	2011-12	Co-operative Society	21-Mar-12	22-Mar-14	481.19	481.19	285.38	92%	U/Progress
38	Carpeting from Rong to Lungkhia	2011-12	-			177.98	177.98	156.33	100%	Completed
39	Carpeting of Ben Thalabari to Manglay	2011-12	Co-operative Society	11-Jul-12	10-Jul-13	1096.96	1096.96	558.88	70%	U/Progress
40	Carpeting of Satam Samruk road. 1st to 3rd.	2011-12	Co-operative Society	14.04.2012	31.03.2017	449.12	449.12	407.71	100%	Completed
41	Carpeting of road from Rong to Khani Gaon	2011-12	Co-operative Society			191.40	191.40	168.67	100%	Completed
42	Surface Improvement, Strengthening, Premix Carpeting, Protective Works & Drainage Works along IB Golai to Peku Rd.	2011-12	Co-operative Society	March 2013.	31-Mar-18	706.17	706.17	371.38	88%	U/Progress
43	Surface Improvement, Carpeting, drainage & Protective works along Rayong Tinkitam	2011-12	Co-operative Society	August 12	August 13	1768.74	1810.93	348.94	50%	U/Progress
44	Upgradation of Bermoik Shivalaya Mandir	2011-12	Co-operative Society	16-Mar-12	15-Mar-13	422.92	422.92	306.03	95%	U/Progress

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NABARD-NIDA										
1	Soreng - Sombaria Road	2017-18	Shri Mahabir Pd. Agarwal			1917.39	1917.39	1763.62	100%	Completed
2	Reshi - Rinchenpong Road	2017-18	Shri Mahabir Pd. Agarwal	16-Feb-17	15-Apr-17	2493.52	2493.52	2257.71	97%	U/Progress
3	Kaluk - Rinchenpong Road	2017-18	Shri Mahabir Pd. Agarwal	16-Feb-17	15-Apr-17	297.93	297.93	250.45	94%	U/Progress
4	Kaluk - Soreng Road	2017-18	Shri Mahabir Pd. Agarwal			1614.88	1614.88	1436.78	100%	Completed
5	Soreng - Chakung Phatak Road	2017-18	Shri Mahabir Pd. Agarwal			1202.70	1202.70	1083.10	100%	Completed
6	Namchi - Phong - Mamring Road	2017-18	Shri Mahabir Pd. Agarwal / Sunil Kr. Agarwal	14.02.17	13.04.17	7007.90	7007.90	6469.10	99%	U/Progress
7	Gangtok Rongyek Bhushuk Assam Road	2017-18	Departmental			2237.11	2237.11	1990.39	94%	U/Progress
8	Sang Sirwani Road	2017-18	Shri Prahlad Gurung			800.00	800.00	470.18	93%	U/Progress
HUDCO										
1	Penlong - Tintek Road	2018-19	Shri Norden D. Shangderpa	08.02.17	07.02.19	1752.95	1752.95	1680.00	98%	U/Progress
2	Rongpo - Duga Road	2018-19	Shri Sunil Kr. Agarwal			805.38	805.38	797.24	100%	Completed
3	Bermoik Phatak - Bermoik - Phong Road	2018-19	Shri Prahlad Gurung			2904.57	2904.57	1508.22	60%	U/Progress
4	Pelling - Dentam - Kaluk Road	2018-19	Shri Khusendra Sharma	16-Feb-17	15-Apr-17	3626.19	3626.19	2468.04	70%	U/Progress
5	Kewzing - Legship Road	2018-19	Shri Norden D. Shangderpa	2/8/2017	4/15/2017	1776.23	1776.23	1598.09	94%	U/Progress
6	Pelling - Rimbi Road	2018-19	Shri Norden D. Shangderpa	24-Feb-17	31-Mar-18	1329.50	1329.50	1027.16	84%	U/Progress
7	Legship - Gyalshing Road	2018-19	Shri Prahlad Gurung	23-Feb-17	31-Mar-18	1629.76	1629.76	1619.70	100%	Completed
8	Rongli - Chujachen Road	2018-19	Shri Srikrishan Agarwal			1465.80	1465.80	1319.73	96%	U/Progress
9	Approach Road to DAC Mangan	2018-19	Departmental			218.77	218.77	214.88	100%	Completed
10	Approach Road to ICAR complex	2018-19	Shri Gajanand Agarwal	09.02.17		171.88	171.88	167.63	100%	Completed
11	DAC to Ringhim Gumpa	2018-19	Departmental			423.18	423.18	290.12	91%	U/Progress
12	Namchi Kopchey Road.	2018-19	Shri Gajanand Agarwal			400.00	400.00	389.89	100%	Completed
13	Pakyong Diversion road	2018-19	Shri Gajanand Agarwal			234.30	234.30	225.79	100%	Completed
14	Gyalshing - Pelling Road	2018-19	Shri Nar Bahadur Dahal	24-Feb-17	31-Mar-18	867.41	867.41	832.38	97%	U/Progress

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15	Ranipool Pakyong near Pakyong Bazar	2018-19	Departmental			173.00	173.00	172.99	100%	Completed
16	Pakyong Machong Road	2018-19	Shri Gajanand Agarwal			1650.00	1650.00	1060.18	70%	U/Progress
17	Upgradation and carpeting of road from Duga - Chewribotey	2018-19	Smt. Bhagawati Dhakal			310.00	310.00	94.26	35%	U/Progress
18	Strengthening, carpeting and drainage works along Ranka-Sichey road	2018-19	Departmental			220.00	220.00	217.97	100%	Completed
19	Strengthening, carpeting and drainage works along Melli Kerabari Turuk Sadam Bhanjyang road	2018-19	Shri Milan Limboo & 8 others			2010.00	2010.00	27.92	20%	U/Progress
20	Strengthening, carpeting and drainage works along Bye Pass road from Namchi Damthang road to Agam Singh Path	2018-19	Purnima Bhutia/Gyamtso Wangdi Bhutia			185.90	185.90	58.66	70%	U/Progress
21	Upgradation and carpeting works along Namchi Rong	2018-19	Shri Parsuram Agarwal			1361.00	1361.00	395.34	55%	U/Progress
22	Upgradation, carpeting and drainage works along LLHP to Nandok road	2018-19	Sri Kamal Kr. Rai	WO 26.02.19		454.70	454.70	303.15	70%	U/Progress
23	Upgradn & carpeting from Akkar Bridge to Rammam Suspension Bridge	2018-19	Departmental			187.51	187.51	184.55	100%	Completed
	T O T A L						315417.98	136535.45		

Appendix-2.4

Statement showing non-resorting to e-tendering

(Reference: Paragraph 2.3.10.4.1)

Sl. No.	Name of project	Sanctioned cost (₹ in crore)	Revised cost (₹ in crore)	Tendering process	Award of work		Dt. of commencement	Scheduled date of completion	Actual date of completion	Progress	
					Splitting of projects	Name of contractor				Physical (%)	Financial (₹ in crore)
1	Construction of new two lane road from Adampool to STP Ranka-Banjhakri Falls	61.67	0	3 bidders (Item rate)	NA	K.N. Bhutia	14.09.17	13.09.18	U/Progress	65	40.62
2	Construction of New Road from Thasa to Nabey Busty	3.27	0	NA	NA	Departmental	09.01.17	31.03.18	U/Progress	82	2.27
3	Construction of Link Road from Diu Damthang to VC Ganju Lama Road Ravangla via Sim Kharka	7.21	0	3 bidders	6	Daniel Sherpa and CS	11.09.17	10.09.18	U/Progress	74	5.25
4	Construction of Link Road from Chekim to Rockland	3.32	0	Done	3	Ugen Choke & Kuzang Doma	8:09:17	9:07:18	U/Progress	55	1.4
5	Carpeting of Nayabazar-Daramdin Pureytar Road	24.44	0	NA	NA	Cooperative Societies	30.08.17	29.08.18	U/Progress	72	13.74
6	Carpeting of road from SBS road to Gor Secondary School	3.77	6.61	4 bidders	NA	Soden G. Bhutia	01.01.08	30.06.09	Rescinded	75	2.45
7	Construction of road from Jurassic park to L/Samdong via Kambal	9.24	0	NA	NA	Departmental	20.02.18	19.01.20	U/Progress	75	2.45
8	Upgradation and carpeting of road from Liching Golai to Uttarey via Bandukay	18.31	0	2 bidders	NA	Bisal Muli Hang	25.01.19	24.07.21	U/Progress	6	2.57
9	Construction of New Fair Weather Roads	770	0	NA	780		01.06.18	31.05.19	U/Progress	30	145.26
10	Construction of New Road from Upper Manzing to Bandey, Yangang	4.38	0	NA	NA	5 contractors	25.06.18	24.06.19	U/Progress	9	0
11	Surface improvement, drainage and carpeting along Cultural Park to Dhapper	3.41	5.32	5 bidders	NA	Sunil Kr. Agarwal	25.01.17	24.07.17	22.02.19	100	3.38
12	Construction of new road from Zhapzhapey to Pakki Goan	4.38	4.38	NA	7	Cooperative Societies	02.04.11	01.04.12	Mar-19	100	2.42
13	Construction of Road from Dong Ambotey School to Harrabotey.	4.18	6.68	CS	8	Cooperative Societies	22.10.10	21.10.11	U/Progress	90	5.57
14	Construction of Road from Chamchey via Lachithang to Upper Wok	7.53	0	NA	20	Cooperative Societies	19.05.11	18.05.12	U/Progress	95	4.63
15	Construction of approach roads to Upper Sreebadam Gumpa and Sreebadam Gumpa.	4.59	0	NA	7	Cooperative Societies	04.09.11	13.09.12	U/Progress	75	2.93
16	Construction of road from LANCO road Samardong to Burul	3.65	0	NA	3	Cooperative Societies	22.05.13	21.05.14	U/Progress	90	2.06
17	Construction of road from Lower Tingrithang School to Namchi Wok Road	5.38	5.65	NA	4	Cooperative Societies	13.05.14	12.08.15	U/Progress	76	2.56
18	Const of road from Namphok Sirsire Dara via L/Baran	8.44	0	NA	5	Cooperative Societies	28.12.13	28.12.14	U/Progress	96	3.86
19	Strengthening Carpeting along Pakyong-Karthok Rai Goan	8.9	0	Standard tender	NA	Gajanand Agarwal	01.04.17	31.03.18	U/Progress	74	5.4

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Sl. No.	Name of project	Sanctioned cost (₹ in crore)	Revised cost (₹ in crore)	Tendering process	Award of work		Dt. of commencement	Scheduled date of completion	Actual date of completion	Progress	
					Splitting of projects	Name of contractor				Physical (%)	Financial (₹ in crore)
20	Installation of Crash Barriers in Various Roads of Sikkim	45	0	NA	NA	Not available	04.02.19	Not available	Not started	0	31.31
21	Soreng-Sombaria Road	19.17	0	Standard tender	NA	Mahabir Agarwal	08.02.17	07.04.17	Mar-19	100	18.75
22	Sang-Sirwani Road	8	0	Standard tender	NA	Prahlad Gurung	08.03.17	07.05.17	U/Progress	93	4.7
23	Namchi-Phong-Mamring Road	85.3	0	Standard tender	2	M.P. Agarwal and Sunil Kr. Agarwal	28.02.17	15.04.17	U/Progress	99	64.69
24	Improvement of Pakyong-Mamring-Tarethang-Rorethang Road.	28.18	63.29	NA	NA	Vastu Construction	19.07.11	18.07.13	U/Progress	80	36.8
25	Construction of Road from Rinchenpong Deorali to Upper Chuchen Primary School	10.25	0	NA	NA	Khusendra Sharma	02.03.09	16.03.11	U/Progress	86	7.44
26	Construction of Road from Kalez Khola Power House Intake to Jhakri Dhunga via Milling Ferek	5.68	7.79	NA	NA	Kamal Kumar Singh	01.02.09	31.11.11	Rescinded	20	1.43
27	Upgradation of Radhu Khandu Road	5.4	0	Recommended by MLA	5	Cooperative Societies	23.03.12	20.09.13	U/Progress	67	3.1
28	Upgradation of Soreng Kaluk Road to Lower Samdong	6.05	0	Recommended by Gram	5	Cooperative Societies	21.03.12	20.09.13	U/Progress	95	4.55
29	Improvement of Kholaghari-Jaubari Road	19.77	0	NA	3	H.B. Rai Km:1-4)Damber Rai (5-8) M.J. Sherpa (9-12)	01.07.11	31.12.12	U/Progress	80	13.56
30	Construction of pre-stressed bridge over River Rangit along Legship Tashiding Road	13.92	34.46	NA	NA	Mahabir Agarwal	17.03.09	16.03.11	U/Progress	93	24.73
31	Carpeting of Ben Thalabari to Manglay Road (Phase I)	10.97	0	NA	5	Cooperative Societies	11.07.12	10.07.13	U/Progress	70	5.59
32	Bermoik Phatak-Bermoik-Phong Road	29.05	0	Standard tender	NA	Prahlad Gurung	10.02.17	15.04.17	U/Progress	60	15.08
33	Pelling-Dentam-Kaluk Road	36.26	0	Standard tender	NA	Khusendra Sharma	16.02.17	15.04.17	U/Progress	70	24.68
34	Kewzing-Legship Road	17.76	0	Standard tender	NA	Norden Shanderpa	08.02.17	15.04.18	U/Progress	94	15.98
35	DAC to Ringhim Gumpa	4.23	0	Standard tender	NA	Departmental	01.04.17	15.02.18	Stalled	91	2.9
36	Strengthening, carpeting and drainage work along Melli Kerabari Turuk Sadam	20.1	0	Standard tender	NA	Milan Limboo and others	01.04.18	31.03.19	U/Progress	20	0.28
37	Rongpo-Duga Road	8.05	8.02	Standard tender	NA	S.K. Agarwal	13.02.17	15.04.17	Feb-18	100	7.97
38	Legship-Gyalshing Road	16.29	0	Standard tender	NA	Norden Shanderpa	23.02.17	31.03.18	Mar-19	100	16.19
	Total	1345.5	142.2								548.55

Appendix-2.5

Statement showing unwarranted inclusion of WBM III in addition to WBM-I and WBM-II
(Reference: Paragraph 2.3.10.5.1)

Sl. No.	Name of work	Name of contractor	Sanctioned cost	GSB-III Quantity (in cum)	Rate (per cum)	Amount	Physical Status (as of 03/2019)
1	Gyalshing Legship Road	Norden Shanderpa	16.29	2550.28	4700	11986320	100
2	Upgradation of Rongli Rorathang Road	Devi Dhakal	23.64	4005.31		5627000	100
3	Pakyong-Mamring-Tarethang-Rorathang Rd.	Vastu Construction	63.29	3371.18	1659.2	5593362	80
4	Carpeting of road from Rong to Khani Gaon, South Sikkim.	Cooperative Societies	1.91	667.08	1168.90	791445	100
5	Double lanning of Ranka-Sichey Road	T. Lachungpa	25.63	2148.99	1168.90	2511868	98
6	Namchi-Phong-Mamring Road	M/s Infrabuild (JV)	46.75	242076.45	378.74	9168403	99
		M.P. Agarwal	70.01	36311.47		13200000	
7	Surface improvement, drainage and carpeting along Cultural Park to Dhapper in South Sikkim	Departmentally	5.32	1097.44	1703.96	18700000	100
8	Kholagari-Jaubari Road	H.B. Rai	19.77	2247	1202.67	2702496	80
	TOTAL			2,94,475.2		7,02,80,894	

Note: Rongpo-Duga Road-GSB-III not done.

Appendix-3.1.1

(Reference: Paragraph 3.1.8)

Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30 September 2019

Sl No	Sector/Name of the company	Period of accounts	Year in which accounts finalised	Paid up capital	Loan outstanding at the end of the year	Accumulated Profit (+)/ loss(-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss(-)	Net impact of Accounts comments	Capital employed *	Earnings before interest and taxes**	Return on capital employed in %***	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A. Working Government Companies														
Agriculture and Allied														
1	Sikkim Poultry Development Corporation Limited (SPDCL)	2017-18	2018-19	0.00	0.00	-1.72	1.48	0.00	-0.15	0.00	-0.24	-0.15	#	4
2	Sikkim Hatcheries Limited (SHL)	2017-18	2018-19	0.46	0.00	-2.71	2.04	0.07	-0.14	0.00	-0.21	-0.14	#	1
3	Sikkim Livestock Processing and Development Corporation (SLPDC)	2012-13	2014-15	0.69	0.01	-1.02	0.37	0.05	-0.01	0.00	0.05	-0.01	-20.00	2
Sector wise total		-	-	1.15	0.01	-5.45	3.89	0.12	-0.30	0.00	-0.40	-0.30	#	7
Finance														

SI No	Sector/Name of the company	Period of accounts	Year in which accounts finalised	Paid up capital	Loan outstanding at the end of the year	Accumulated Profit (+)/ loss(-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss(-)	Net impact of Accounts comments	Capital employed *	Earnings before interest and taxes**	Return on capital employed in %***	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
4	Schedule Caste, Schedule Tribe and Other Backward Classes Development Corporation Limited (SABCCO)	2013-14	2018-19	18.31	23.83	-15.22	0.00	2.25	0.03	0.00	26.92	0.96	3.57	28
Sector wise total				18.31	23.83	-15.22	0.00	2.25	0.03	0.00	26.92	0.96	3.57	28
Infrastructure														
5	Sikkim Industrial Development and Investment Corporation Limited (SIDICO)	2017-18	2019-20	17.14	171.51	13.86	2.37	3.37	2.22	0.02	204.88	3.06	1.49	34
6	Gangtok Smart City Development Limited (GSDL)*	2017-18	First accounts yet to be prepared	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
7	Namchi Smart City Limited (NSCL)*	2018-19	2018-19	2.00	0.00	-0.20	0.00	0.00	-0.09	0.00	1.80	-0.09	-5.00	53
Sector wise total				19.14	171.51	13.66	2.37	3.37	2.13	0.02	206.68	2.97	1.44	87
Power														

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Sl No	Sector/Name of the company	Period of accounts	Year in which accounts finalised	Paid up capital	Loan outstanding at the end of the year	Accumulated Profit (+)/ loss(-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss(-)	Net impact of Accounts comments	Capital employed *	Earnings before interest and taxes**	Return on capital employed in %***	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
8	Teesta Urja Limited (TUL)	2018-19	2019-20	3205.39	8830.06	-1169.47	1.22	1613.52	- 313.06	0.00	10867.20	1081.47	9.95	100
9	Teestavalley Power Transmission Limited (TPTL)	2018-19	2019-20	373.89	1018.92	-15.80	0.00	81.53	-2.54	0.76	1377.01	48.38	3.51	65
10	Sikkim Power Investment Corporation Limited (SPICL)	2017-18	2018-19	0.01	2781.35	-782.84	0.00	78.40	- 235.45	0.00	1998.52	74.55	3.73	4
11	Sikkim Power Development Corporation Limited (SPDC)	2017-18	2019-20	67.34	50.28	-115.44	58.69	10.28	-31.67	0.00	60.87	-27.03	-44.41	67
Sector wise total		-	-	3646.63	12680.61	-2083.55	59.91	1783.73	-582.72	0.76	14303.60	1177.37	8.23	236
Service														
12	Sikkim Tourism Development Corporation (STDC)	2016-17	2018-19	6.46	0.00	-1.69	0.00	2.53	0.06	0.00	4.77	0.08	1.68	68
Sector wise total		-	-	6.46	0.00	-1.69	0.00	2.53	0.06	0.00	4.77	0.08	1.68	68
Total A (All sector wise working Government companies)		-	-	3691.69	12875.96	-2092.25	66.17	1792.00	-580.80	0.78	14541.57	1181.08	8.12	426
B Statutory Corporations														
Finance														

Sl No	Sector/Name of the company	Period of accounts	Year in which accounts finalised	Paid up capital	Loan outstanding at the end of the year	Accumulated Profit (+)/ loss(-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss(-)	Net impact of Accounts comments	Capital employed *	Earnings before interest and taxes**	Return on capital employed in %***	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
13	State Bank of Sikkim (SBS)	2017-18	2018-19	0.53	214.60	3.44	51.90	157.54	12.92	34.21	270.47	19.50	7.21	417
Sector wise total		-	-	0.53	214.60	3.44	51.90	157.54	12.92	34.21	270.47	19.50	7.21	417
Service														
14	State Trading Corporation of Sikkim (STCS)	2018-19	2018-19	1.61	194.33	2.68	0.00	158.57	0.08	1.52	198.62	0.17	0.09	80
Sector wise total				1.61	194.33	2.68	0.00	158.57	0.08	1.52	198.62	0.17	0.09	80
Agriculture & Allied														
15	Government fruit Preservation factory (GFPP)	2017-18	2019-20	0.00	0.00	-2.30	0.09	4.22	0.19	0.55	-2.21	0.19	#	NA
16	Temi Tea	2017-18	2019-20	0.00	0.00	-1.51	0.00	7.18	0.25	0.00	-1.51	0.25	#	23
Sector wise total				0.00	0.00	-3.81	0.09	11.40	0.44	0.55	-3.72	0.44	#	23
Total B (All sector wise working Statutory corporations)		-	-	2.14	408.93	2.31	51.99	327.51	13.44	36.28	465.37	20.11	4.32	520
Grand Total (A+B)		-	-	3693.83	13284.89	-2089.94	118.16	2119.51	-567.36	37.06	15006.94	1201.19	8.00	946.00
* Capital Employed= Paid up Capital+Free reserves & Surplus+ Long term loans+Accumulated Profit/Loss														
** EBIT represents Total Income-Expenses (Excluding Interest and tax expenses from P & L Accounts of respective PSUs)														
*** Return on Capital Employed= Percentage of EBIT in Capitl Employed														
#Return on capital employed (column 14) in respect of PSUs at serial no. A1, A2, B15 and B16 are not workable as 'capital employed' is negative.														

Appendix-3.1.2
(Reference paragraph 3.1.9)

Statement showing Rate of Real Return on Government Investment

Financial year	PV of cumulative Government investment at the beginning of the year	Funds infused by the Government during the year in the form of				Total investment at the end of the year	Average rate of interest on Government borrowings (in per cent)	PV of cumulative Government investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total Earnings (Profit after tax)[for the year
		Equity (less disinvestment)	Revenue Grants / Subsidy	Interest Free Loans	Total					
a	b	c	d	e	f = c + d+e	g = b + f	h	i = g*(1+h/100)	j = g*h/100	k
Prior to 2002	0	18.07	0	2.03	20.1	20.10	0	20.1	0	0
2002-03	20.10	3.85	0	0	3.85	23.95	11.47	26.70	2.75	-3.26
2003-04	26.70	5.84	0	0	5.84	32.54	10.33	35.90	3.36	-22.49
2004-05	35.90	1.17	0	0	1.17	37.07	9.78	40.69	3.63	-3.05
2005-06	40.69	4.82	0	0	4.82	45.51	9.45	49.81	4.30	-3.05
2006-07	49.81	0.30	0	0	0.3	50.11	9.25	54.75	4.64	-4.05
2007-08	54.75	0.00	0	0	0	54.75	8.92	59.63	4.88	-3.41
2008-09	59.63	3.05	1.21	0	4.26	63.89	8.6	69.39	5.49	-2.69
2009-10	69.39	2.10	2.25	0	4.35	73.74	8.28	79.84	6.11	-2.17
2010-11	79.84	0.96	1.79	0	2.75	82.59	7.92	89.14	6.54	-11.59
2011-12	89.14	0.00	0	0	0	89.14	7.74	96.03	6.90	-7.03
2012-13	96.03	0.00	0	0	0	96.03	7.4	103.14	7.11	-15
2013-14	103.14	0.00	0.18	0	0.18	103.32	7.74	111.32	8.00	-17.1
2014-15	111.32	0.00	0.16	0	0.16	111.48	7.95	120.34	8.86	-27.76
2015-16	120.34	0.00	0.18	0	0.18	120.52	8.1	130.28	9.76	-80.12
2016-17	130.28	0.00	0.11	0	0.11	130.39	8.22	141.11	10.72	-335.17
2017-18	141.11	0.00	11.6	0	11.6	152.71	8.22	165.26	12.55	-319.01
2018-19	165.26	6.02	10.79	0	16.81	182.07	8.28	197.15	15.08	-254.35
Total	1393.44	46.18	28.27	2.03	76.48					

Appendix 3.2
(Reference Paragraph 3.2)
Details of levy of interest on MA

Design, Procure, Supply and commissioning of 480 Kw On-Grid Solar Photo Voltaic system using CIS thin Film Technology on various buildings premises along with procure, supply, installation and commissioning of 4000 Nos of LED Street lights with poles, cabling and CCMS					
Amount of outstanding MA (in ₹)	Date		Recovered (in ₹)	No of days	Interest loss (in ₹)
	From	To			
75241342	08-10-2018	06-03-2019	29777004.00	149	1535748
45464338	07-03-2019	23-09-2019	18324751.00	200	1245598
27139587	24-09-2019	10-10-2019	0.00	16	59484
			For one year	365	2840830
27139587	11-10-2019	31-10-2019	0.00	20	78073
Total in ₹					29,18,903
Integrated Water Supply Management Augmentation of Existing Distribution Network & Strategy for Water Conservation & Reuse using Co-Polymer based Rain Water Harvesting Technology					
258414546	14-03-2018	15-03-2018	23072727	1	35399
235341819	16-03-2018	18-04-2018	23072727	33	1063874
212269092	19-04-2018	24-01-2019	21312377	280	8141828
190956715	25-01-2019	17-03-2019	0	51	1334081
			For one year	365	10575182
190956715	17-03-2019	31-10-2019	0	228	5964128
Total in ₹					1,65,39,310
Project Management Consultant					
18962600	22-09-2017	09-01-2018	3447750	109	283140
15514850	10-01-2018	17-05-2018	2681297	127	269916
12833553	18-05-2018	24-09-2018	1309121	129	226785
			For one year	365	779841
12833553	25-09-2018	09-10-2018	1309121	14	26108
11524432	10-10-2018	29-03-2019	2128111	170	286538
9396321	30-03-2019	13-06-2019	671134	75	104550
8725187	14-06-2019	29-07-2019	186204	45	58593
8538983	30-07-2019	29-09-2019	0	61	77870
			For second year	365	553658
8538983	30-09-2019	31-10-2019	0	31	38613
Total in ₹					1333696
Integrated Command and Control Center - NoC "Namchi Operations Center"					
164436886	07-03-2019	24-09-2019	99831811	201	4527646
64605075	25-09-2019	31-10-2019	0	36	318600
Total in ₹					4846246
Grand Total in ₹					25638155

Appendix-4.1
(Reference Paragraph- 4.9)

Year-wise details of the total licensees in Sikkim who were liable to pay profession tax

Name of the District	Name of the Office	Period	No. of licensees	Type of Licence (in No.) (New/Renewed)		Tax Rate	Tax to be paid	Tax realised	Tax due
				New	Renewed				
East	Excise Department, Gangtok	2016-17	1366	96	1270	1500	20,49,000	Nil	20,49,000
		2017-18	1029	Nil	1029	1500	15,43,500	Nil	15,43,500
		2018-19	1012	209	803	1500	15,18,000	Nil	15,18,000
North	Excise Department, Gangtok	2016-17	124	63	61	1500	1,86,000	Nil	1,86,000
		2017-18	98	46	52	1500	1,47,000	Nil	1,47,000
		2018-19	111	11	100	1500	1,66,500	Nil	1,66,500
South & West	O/o The Dy. Commissioner, Jorethang	2016-17	691	Nil	691	1500	10,36,500	Nil	10,36,500
		2017-18	679	Nil	679	1500	10,18,500	Nil	10,18,500
		2018-19	646	Nil	646	1500	9,69,000	Nil	9,69,000
Total			5756		5331		86,34,000	Nil	86,34,000

Source: Departmental Figure

2021

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