



GOVERNMENT OF SIKKIM

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

FOR THE YEAR 1981-82



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COMPTROLLER AND
AUDITOR GENERAL OF
INDIA

FOR THE YEAR 1981-82

FOR THE YEAR 1901-02

INDIA

MINISTER OF FINANCE
GOVERNMENT OF INDIA
SECRETARY TO THE GOVERNMENT

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TABLE OF CONTENTS

	<i>Paragraph</i>	<i>Page(s)</i>
Prefatory remarks		(v)
CHAPTER I—General		
Summary of transactions	1.1	1-2
Revenue Surplus	1.2	2
Analysis of revenue receipts	1.3	3
Expenditure on revenue account	1.4	3-5
Capital expenditure	1.5	5-6
Loans and advances by the Government	1.6	6-8
Sources from which capital expenditure and net outgo under loans and advances were met	1.7	8
Debt Position	1.8	9-10
Guarantees given by the Government	1.9	10
Investment in shares	1.10	11-12
CHAPTER II—Appropriation Audit and control over expenditure		
Summary	2.1	13-14
Excess over grants/charged appropriations requiring regularisation	2.2	14-17
Supplementary grants/charged appropriations	2.3	17-19
Advances from the Contingency Fund	2.4	19-20
Shortfall in recoveries	2.5	20
Non-receipt of explanations for savings/excesses	2.6	21
Non-regularisation of excess expenditure	2.7	21

CHAPTER III—Results of Audit

Section I—Civil Departments

Department of Health and Family Welfare

National Malaria Eradication Programme	3.1.1	22-36
--	-------	-------

Department of Industries

District Industries Centres Programme	3.1.2	37-47
---------------------------------------	-------	-------

Schedule Caste and Tribal Welfare Department

Welfare of Scheduled Castes and Scheduled Tribes	3.1.3	47-62
--	-------	-------

Public Works Department

Arrears in collection of water rates...	3.1.4	63
Delay in adjustment of imprest advances and non-production of Vouchers ...	3.1.5	63-65

Agriculture Department

Excess payment of Sales Tax ...	3.1.6	65-66
---------------------------------	-------	-------

Education Department

Sale of Text Books ...	3.1.7	66-67
------------------------	-------	-------

Finance Department

Outstanding Advances ...	3.1.8	68-69
--------------------------	-------	-------

Section II—Receipts

Trend of Revenue Receipts ...	3.2.1	70
Analysis of Revenue Receipts ...	3.2.2	70-73
Cost of collection ...	3.2.3	73
Variation between budget estimates and actuals ...	3.2.4	73-76

Paragraph Page (s)

Arrears in assessment of Sales Tax ...	3.2.5	77
Taxation measures ..	3.2.6	77
Outstanding Inspection Reports ...	3.2.7	78

Excise Department

Short levy of excise duty on Beer ...	3.2.8	79
---------------------------------------	-------	----

Income and Sales Tax Department

Non-realisation of Income Tax ...	3.2.9	79-80
Allowance of exemption of Sales Tax without proper evidence	3.2.10	80-81
Short recovery of Sales Tax ..	3.2.11	81

Department of Local Self Government

Loss of revenue	3.2.12	82
------------------------	--------	----

Section III—Government Commercial and Trading Activities

General	3.3.1	83
Introduction	3.3.2	83
Arrears in Accounts	3.3.3	84
Return on investments	3.3.4	84
Departmentally—managed commercial undertakings ...	3.3.5	84
Government Fruit Preservation Factory	3.3.6	85-93

Section IV—Financial Assistance to Local Bodies and others

Non-receipt of utilisation certificates	4.1	93-96
---	-----	-------

APPENDIX 1.1 Analysis of Revenue Receipts		97
---	--	----

APPENDIX 1.2 Expenditure on Revenue Account		98-100
---	--	--------

	<i>Paragraph</i>	<i>Page (s)</i>
APPENDIX 1.3	Expenditure on Capital Account ...	101-102
APPENDIX 1.4	Loans and Advances ...	103-104
APPENDIX 3.1	Statement showing the cost of collections under the principal heads of revenue. ...	105
APPENDIX 3.2	Statement showing arrears in accounts ...	106
APPENDIX 3.3	Summarised financial results of working of statutory Corporations/Companies. ...	107-108
APPENDIX 3.4	Summarised financial results of the working of the departmentally managed commercial undertakings ...	109-110

E R R A T A

Report of the Comptroller and Auditor General of India for the year 1981-82 Government of Sikkim

<i>Page No.</i>	<i>Reference</i>	<i>For</i>	<i>Read</i>
(i)	11th line	exdenditure	expenditure
(ii)	10th line	Schedule Caste	Scheduled Caste
1	Last line	() 4.80	(+) 4.80
2	Para 1.2, 3rd line	Receipt	receipts
2	Para 1.2, 3rd line	then	than
2	Para 1.2, 7th line	supplimentary	supplemen- tary
2	3rd line from bottom	29, 51.68	29,58.68
9	Para 1.8, 2nd line	Rs. 15, 12.08 lakhs	Rs 15,12.09 lakhs
10	8th line	undertaking	under- takings
17	2nd line	exceses	excess
20	Para 2.5, 8th line	were however,	were, however,
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37	Introductory para, 11th line	entrepreneurial	entrepre- neurial
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41	item 5 (Action Plan), 5th line	wood	Wood
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48	3rd line from bottom	scheduled castes	Scheduled castes
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53	6th line from bottom	difficult	difficult
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57	Summing up, 3rd sub-para, 6th line	scholarships	scholarships
59—60	Heading of the table, 2nd column	scheme	scheme
66	11th line, p	Department	Department
66	24th line	awaited.	awaited (March 1983).
67	23rd line	State bank of Sikkim	State Bank of Sikkim
69	6th line	department	departments
70	Para 3.2.1, 4th line	Delete 'Rs' appearing before 3.87 per cent	
78	Para 3.2.7	delete '(a)' appearing at the beginning of the para	
78	Para 3.2.7, 2nd line	state receipts	State receipts
78	Para 3.2.7, 2nd Sub-para, 4th line	September 1976 to March 1982	September 1976 and March 1982
78	Para 3.2.7, Heading of the table, 3rd column, last 2 lines	paragrap	paragrap

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79	Para 3.2.8, 17th line	calculated 24 paise	calculated @ 24 paise
79	2nd line from bottom	371 P(k)	371 F (k)
79	—do—	Con titution	Constitution
80	Para 3.2.10, 2nd line	March 1982	March 1952
80	last line	insert comma (,) after 'such dealers'	
81	Para 3.2.11, 2nd Sub- para, 4th line	Insert "and 1979-80 and 1980- 81" between "1981-82" and "respectively"	
83	Footnote, 1st line	Rs. 11 lakhs Rs. 22 lakhs	Rs. 11 lakhs and Rs. 22 lakhs
85	Item 3. objects, sub- para 2, 3rd line	delete full stop (.) after '(1979-80)'	
85	2nd line from bottom	provided	provided
86	3rd line in the table	Interest :	(Interest :
86	Item 5. working re- sults, 3rd line	1981-82,	1981-82.
87	Item 6, 2nd line	processed them	process them
87	7th line from bottom	absence	absence
88	7th line from bottom	Ind an Airlines,	Indian Airlines,
90	3rd Sub-para, last line	upto 1980-81	up to 1980- 81
90	3rd line from bottom	no Master budget	no budget
97	3rd line	Paragraph	Paragraph
97	item (a) (v), 3rd line	Duty	Duties
105	Item 2. Land Re- venue, 3rd line	29.09	28.09
107-108	Sl. No. 6, column 2, 2nd line	Corp ration	Corporation
109-110	Foot note (a), 1st line	Expedditure	Expenditure

PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1981-82 together with other points arising from audit of financial transactions of the Government of Sikkim. It also includes certain points of interest arising from the Finance Accounts for the year 1981-82.

2. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 1981-82 as well as those which had come to notice in the earlier years but could not be dealt with in the previous Reports; matters relating to the period subsequent to 1981-82 have also been included, wherever considered necessary.

3. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/ bodies/ authorities concerned.

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CHAPTER I

GENERAL

1.1 Summary of transactions

The receipts and expenditure of the Government of Sikkim for the year 1981-82 are given below alongside corresponding figures of the preceding year :—

	1980-81	1981-82
	<i>(in lakhs of rupees)</i>	
I. Consolidated Fund		
(i) Revenue		
Revenue receipts	40,76.90	39,19.09
Revenue expenditure	30,64.55	31,73.46
Revenue surplus	(+) 10,12.35	(+) 7,45.63
(ii) Public Debt		
Receipts	2,11.86	2,96.47
Repayments	75.32	57.75
Increase(+)	(+) 1,36.54	(+) 2,38.72
(iii) Loans and Advances		
Recoveries	12.06	24.46
Disbursements	64.56	35.62
Net Outgo	(—) 52.50	(—) 11.16
(iv) Capital Expenditure		
Increase	(—) 11,83.44	(—) 12,08.92
II. Contingency Fund		
Increase (+)		
Decrease (—)	(—) 11.00	() 4.80

AUDIT REPORT 1981-82

III. Public Account				
	Receipts	42,62.04		43,63.00
	Disbursements	41,22.01		48,24.00
	Increase (+)			
	Decrease (—)	(+)	1,40.03	(—) 4,61.00
Net I to III				
	Surplus (+)			
	Deficit (—)	(+)	41.98	(—) 6,91.93
	Opening balance	(—)	1,90.61	(—) 1,48.63
	Closing balance	(—)	1,48.63	(—) 8,40.56

1.2 Revenue surplus

The year 1981-82 ended with a revenue surplus of Rs. 7,45.63 lakhs against the estimated surplus of Rs. 4,30.94 lakhs. The Receipt in 1981-82 were less than the estimates by 1.4 *per cent* while in 1979-80 and 1980-81 these were less than estimates by 2 *per cent* and more than the estimates by 16 *per cent* respectively. The expenditure was less than the budgeted estimates including supplementary grants by 10 *per cent*, while in 1979-80 and 1980-81 the same was less than the estimates by 1 *per cent* and more than the estimates by 2 *per cent* respectively. Details are furnished below:—

<i>Year</i>	<i>Receipts</i>		<i>expenditure</i>		<i>Revenue Surplus</i>
	<i>Estimates</i>	<i>Actual</i>	<i>Estimates</i>	<i>Actual</i>	
<i>(in lakhs of rupees)</i>					
1979-80	33,54.29	32,82.75	29,75.35	29,51.68	3,24.07
1980-81	35,01.43	40,76.90	30,14.26	30,64.55	10,12.35
1981-82	39,73.81	39,19.09	35,42.87	31,73.46	7,45.63

AUDIT REPORT 1981-82

1.3 Analysis of revenue receipts

Out of the Revenue Receipts of Rs. 39,19.09 lakhs during the year, Rs. 30,86.74 lakhs (about 79 per cent) were from the Government of India as grants for State Plan Schemes, Centrally Sponsored Schemes, Statutory Non-plan grants, etc. Details are furnished in Appendix 1.1.

Central grants constituted about 79 per cent of the State's revenue receipts in 1980-81 also. Revenue raised by the State Government was Rs.8,32.35 lakhs, as against Rs. 8,41.91 lakhs in 1980-81. The decrease of Rs, 1,57.81 lakhs in revenue receipts was due mainly to less grants and contributions received from Government of India during the year (Rs.30,86.74 lakhs as against Rs.32,34.99 lakhs in previous year) and less receipt of dividends and profits from investments in commercial undertakings (Rs.8.45 lakhs against Rs.23.62 lakhs in the previous year).

No new taxes were levied during the year nor any changes made in the existing taxes and duties except in the entertainment tax, the rates of which were raised with effect from 1st August 1981.

1.4 Expenditure on revenue account

(i) The expenditure, Plan and Non-Plan on revenue account during 1981-82 together with budget estimates under the major sectors, as also the corresponding expenditure in the preceding year are given in Appendix 1.2.

(ii) Taking Plan and Non-Plan together, there was under-utilisation of provision in all sectors excepting Social and Community Services. In the Plan Sector, there was under-utilisation in all sectors excepting Transport and Communications. The under-utilisation (Plan and Non-Plan taken together) was marked

AUDIT REPORT 1981-82

under the following sectors as compared to the provision :—

<i>(in lakhs of rupees)</i>		
(a) General Services	81.61	15 per cent
(b) Transport and Communications	2,60.53	25 per cent

(iii) The Plan expenditure during the year was less than that in 1980-81 in the following sectors :—

			1981-82	1980-81
			<i>(in lakhs of rupees)</i>	
(a) General Services	(—)		20.85	1,82.04
(b) Water and Power Development			8.93	1,06.53

The Non-Plan expenditure was also less as compared to that in 1980-81 in the following cases :—

			1981-82	1980-81
			<i>(in lakhs of rupees)</i>	
(a) General Economic Services			9.15	12.13
(b) Agriculture and Allied Services			2,23.86	2,28.30
(c) Transport and Communications			5,22.66	5,84.60

(iv) Taking Plan and Non-Plan expenditure together, the increase in revenue expenditure in 1981-82 as compared to the preceding year is analysed below :—

(a) Social and Community Services :— The increase was mainly under 'Relief on account of Natural Calamities'

AUDIT REPORT 1981-82

(Rs. 1,17.52 lakhs) owing to expenditure on earthquake relief, 'Education' (Rs. 98.20 lakhs) due to more expenditure on primary and secondary education, 'Public Health, Sanitation and Water Supply' (Rs. 18.82 lakhs) owing to more expenditure on national malaria eradication programme, national leprosy control programme and health education and publicity, 'Social Security and Welfare' (Rs. 15.66 lakhs) owing to more expenditure on welfare of scheduled tribes and family and social welfare.

(b) Agriculture and Allied Services :— The increase was mainly under 'Agriculture' (Rs. 71.52 lakhs) owing to escalation of prices of manures and fertilisers and more office expenses due to opening of new agricultural farms and centres, 'Forest' (Rs. 27.18 lakhs) owing to more 'expenditure on farm forestry' due to creation of new parks and gardens.

1.5 Capital expenditure

(i) The Capital expenditure during the three years ending 1981-82 and the budget estimates as also the estimates augmented by supplementary provisions, are given below :—

Year	Budget	Budget plus supplementary	Expendi- ture	Percentage variation over augmented budget
		(in lakhs of rupees)		
1979-80	8,52.67	9,24.11	8,06.29	(—) 13
1980-81	9,61.10	13,29.88	11,83.44	(—) 11
1981-82	10,38.55	12,43.27	12,08.92	(—) 3

The expenditure on Capital Account during 1981-82 together with budgeted estimates under different sectors as also the corresponding expenditure in the preceding year are given in Appendix I.3.

AUDIT REPORT 1981-82

(ii) Though there was excess of Rs. 5.93 lakhs over the Plan provision of Rs. 11,89.54 lakhs for 1981-82 the expenditure (Rs. 11,95.47 lakhs) was more by Rs. 1,94.88 lakhs than that in 1980-81.

Plan expenditure during 1981-82 exceeded the plan provision mainly under 'Water and Power Development' (Rs. 42.54 lakhs) and 'General Services' (Rs. 10.34 lakhs), shortfall occurred mainly under 'Transport and Communications' (Rs. 15.39 lakhs) and 'Social and Community Services' (Rs. 16.26 lakhs).

Under Non-Plan side, the total shortfall (Rs.40.28 lakhs) in utilisation of provision of Rs. 53.73 lakhs was 75 per cent and the expenditure (Rs.13.45 lakhs) was less by Rs.1,69.40 lakhs than that in 1980-81. The shortfall (Rs.33.21 lakhs) was mainly under 'Water and Power Development' owing to less expenditure on rural electrification scheme.

(iii) On 'Transport and Communications,' the Plan expenditure was Rs. 5,57.61 lakhs as against Rs. 4,57.59 lakhs in 1980-81 owing mainly to construction of more roads in districts.

On 'Social Community Services,' the Plan expenditure was Rs. 2,02.84 lakhs against Rs.172.14 lakhs in 1980-81 owing mainly to construction of residential buildings, hospitals, etc.

1.6 Loans and advances by the Government

(i) The disbursement of loans and advances by the State Government during 1981-82 and the budget estimates as also the estimates augmented by supplementary provision, along with the corresponding figures for the two preceding years, are given below :—

Year	Budget	Budget plus supplementary provision (in lakhs of rupees)	Actuals	Percentage varia- tion over augmented budget
1979-80	44.85	1,01.85	89.14	(—) 12
1980-81	67.70	83.00	64.56	(—) 22
1981-82	49.57	49.57	35.62	(—) 28

AUDIT REPORT 1981-82

(ii) The budget estimates and the actuals of recoveries of loans and advances for the three years ending 1981-82 are given below :—

<i>Year</i>	<i>Budget</i>	<i>Actuals</i>	<i>Percentage variation over budget estimates</i>
	<i>(in lakhs of rupees)</i>		
1979-80	31.95	23.48	(—) 26
1980-81	32.05	12.06	(—) 62
1981-82	32.35	24.46	(—) 24

(iii) The outstanding balances under loans and advances at the end of the last three years as also the disbursement and recoveries during the three years are given in Appendix 1.4.

Under 'General Economic Services' no loans were advanced in the last four years for Co-operatives or to Financial and Trading Institutions.

Under 'Industry and Minerals', loans of Rs. 6 lakhs was made to Mining and Metallurgical Industries. Loans were also advanced to Small Scale Industries, Handloom Industries and private entrepreneurs.

Outstanding loans to Government servants increased from Rs. 60.77 lakhs at the end of 1979-80 to Rs. 90.14 lakhs at the end of 1980-81 and to Rs. 1,02.95 lakhs at the end of 1981-82.

Outstanding loans for miscellaneous purposes are mostly on account of dues (Rs. 65.21 lakhs) outstanding from a private firm, who was erstwhile banker to the State Government (see paragraph 23 of Audit Report 1975-76). The amount was to be transferred by the firm to the State Bank of Sikkim for credit to the State Government on the setting up of the Bank in 1968. This was not done. There was also no security for the amount. The case for the recovery of outstanding dues is pending in the High Court.

AUDIT REPORT 1981-82

No interest was received against any of the loans in the last four years; reasons therefor have not been intimated by the State Government. Details of overdue principal and interest are also awaited (April 1983). The balances of outstanding loans as per ledger balances maintained by the Accountant General are communicated every year to the departmental authorities maintaining the detailed accounts for verification and confirmation of balances. Such confirmation has also not been received.

Further details of loans and advances are given in Statements No. 4 and 17 of the Finance Accounts 1981-82.

1.7 Sources from which capital expenditure and net outgo under loans and advances were met.

The net capital expenditure (Rs. 12,08.92 lakhs) and the net outgo under loans and advances by the State Government (Rs. 11.16 lakhs) during 1981-82 were met from the following sources :—

	<i>(in lakhs of rupees)</i>
(i) Revenue Surplus	7,45.63
(ii) Increase in Public Debt	
(a) Internal Debt of the State Government	29.57
(b) Loans and Advances from the Central Government	2,09.15
(iii) Increase in Small Savings, Provident Funds, etc. balances	33.59
(iv) Increase in balances under Reserve Funds	14.88
(v) Increase in other balances under Public Accounts viz; under Deposits and Advances, Suspense and Remittances	(—) 5,15.49
(vi) Contingency Fund	4.80
(vii) Drawing down of cash balances and overdraft from State Bank of Sikkim and investments	(+) 6,97.95
Total	12,20.08

AUDIT REPORT 1981-82

1.8 Debt Position

The total debt liability of the Government at the close of 1981-82 was Rs. 15,12.08 lakhs as detailed below along with that at the close of the two preceding years.

<i>Nature of debt</i>	<i>Balance on 31st March</i>		
	<i>1980</i>	<i>1981</i>	<i>1982</i>
	<i>(in lakhs of rupees)</i>		
(i) Public Debt—			
Internal Debt of the			
State Government	68.73	66.16	95.72
Loans and Advances			
from the Central			
Government	7,80.04	9,19.15	11,28.30
Total—Public Debt	8,48.77	9,85.31	12,24.02
(ii) Small Savings, Provident			
Funds, etc.	54.48	69.77	1,03.36
(iii) Non-interest bearing			
Reserve Funds and deposits and			
liabilities such as civil			
deposits and other			
earmarked funds	1,20.01	1,70.04	1,84.71
Total Debt	10,23.26	12,25.12	15,12.09

During the year 1981-82, no loan was taken from the Life Insurance Corporation of India. The State Government borrowed Rs. 32.45 lakhs from other Institutions (Rural Electrification Corporation) for implementing the scheme for rural electrification in East District. The borrowings from the Government of India as on 31st March 1981 and on 31st March 1982 constituted 93 per cent and 92 per cent respectively of the total public

AUDIT REPORT 1981-82

debt of the State Government which accounted for the bulk of the total debt liability.

Government paid Rs. 55.71 lakhs as interest to the Government of India on loans for Centrally sponsored plan schemes and received Rs. 42.84 lakhs on investment of its cash balances with the State Bank of India (Rs. 3.17 lakhs) and with the State Bank of Sikkim (Rs. 4,26.11 lakhs). The Government also received Rs. 8.45 lakhs as dividend from public undertaking and from other investments as against Rs. 23.62 lakhs for the preceding year 1980-81.

The net addition to Small Savings, Provident Funds, etc. during 1981-82 was Rs. 33.59 lakhs.

1.9 Guarantees given by the Government

Guarantees upto a maximum of Rs. 10 lakhs each have been given by the State Government, one in August 1975 and another in July 1976, both to the State Bank of Sikkim in respect of advance (overdraft) made to Sikkim Mining Corporation and to the Sikkim Consumers' Co-operative Society respectively. Though, the overdraft given to the Sikkim Mining Corporation had ended, the guarantee continues to be outstanding; the amount of outstanding overdraft of the Sikkim Consumers' Co-operative Society was Rs. 4.79 lakhs as on 31 st March 1982. The guarantees were not invoked during the year.

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

AUDIT REPORT 1981-82

1.10 Investment in shares

(a) Rupees 1,49.53 lakhs were invested by the Government during 1981-82 as [detailed below alongwith the progressive investment upto the end of the year and dividend received during the year :—

<i>Category of bodies</i>	<i>During 1981-82</i>	<i>To end of 31st March 1982</i>	<i>Dividend received during the year (percentage of return to cumulative investments in brackets)</i>		
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(in lakhs of rupees)

Number Amount Number Amount

(i) Statutory Corporations and State Bank of Sikkim	1	51.30	6	2,27.85	3.25	(1)
(ii) Companies	2	98.23	5	2,41.25	5.20	(2)
(iii) State Bank of India and Co-operative Societies	..	..	5	16.48	..	Nil
Total	3	1,49.53	16	4,85.58	8.45	(2)

(b) Following points are noteworthy in the accounts in regard to Statutory Corporations, Companies (including non-Government Companies) and Co-operative Societies.

AUDIT REPORT 1981-82

(i) Dividend of Rs. 3.25 lakhs declared by State Bank of Sikkim for the year 1980-81 was credited in 1981-82. Total amount of investment in State Bank of Sikkim at the end of 1981-82 was Rs. 13 lakhs. No dividend was received from other Corporations in which Rs. 2,14.85 lakhs stood invested at the end of 1981-82.

(ii) Dividend of Rs. 7.64 lakhs earned from the Sikkim Distilleries Ltd. during 1981-82, has been actually credited to Government in 1982-83. Dividend of Rs. 5.20 lakhs received from Companies was from Sikkim Jewels (Rs. 1.03 lakhs) and the Sikkim Distilleries (Rs. 4.17 lakhs declared in 1980-81 but credited in 1981-82) in which Rs. 4.10 lakhs and Rs. 1,52.65 lakhs respectively stood invested at the end of 1981-82. From the other three Companies (investment : Rs. 84.50 lakhs), there was no dividend.

(iii) There was no dividend from any of the five Co-operative Societies and a Bank (investment : Rs. 16.48 lakhs).

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Summary

(a) The following table compares the total expenditure during the year with the totals of grants and charged appropriations :—

<i>Grant/charged appropriation</i>	<i>Expenditure</i>	<i>Excess (+) Saving (—)</i>	<i>Percentage</i>
<i>(in lakhs of rupees)</i>			
Voted			
Original	48,54.43		
Supplemen- tary	5,17.88		
	53,72.31	47,14.26 (—)	6,58.05 12.2
 <i>Charged</i>			
Original	1,15.13		
Supplementary	46.88		
	1,62.01	1,50.28 (—)	11.73 7.2
Total	55,34.32	48,64.54 (—)	6,69.78 12.1

The overall saving of Rs. 6,69.78 lakhs was the net result of savings of Rs. 7,93.49 lakhs in 22 grants and 3 charged appropriations in the Revenue Section and Rs. 72.71 lakhs in 25 grants and 1 charged appropriation in the Capital Section and excess of Rs. 1,72.86 lakhs in 14 grants and 2 charged appropriations in the Revenue Section and Rs. 23.56 lakhs in 11 grants in the Capital Section.

AUDIT REPORT 1981-82

(b) Further details are given below:—

<i>Authorised to be spent (grants and charged appropriations)</i>	<i>Revenue</i>	<i>Capital</i>	<i>Loans and advances</i>	<i>Public debt</i>	<i>Total</i>
	<i>(in lakhs of rupees)</i>				
Original	38,33.02	10,38.55	49.57	48.42	49,69.56
Supplemen- tary	3,49.85	2,04.72	..	10.19	5,64.76
Total	41,82.87	12,43.27	49.57	58.61	55,34.32
Actual expen- diture (grants and charged appropriations)	35,62.24	12,08.92	35.63	57.75	48,64.54
Shortfall	6,20.63	34.35	13.94	0.86	6,69.78

2.2 Excess over grants/charged appropriations requiring regularisation

(a) Grants

There was an excess of Rs. 1,71,28,865 in 14 grants in the Revenue Section and Rs. 23,56,592 in 11 grants in the Capital Section. The excess, details of which are given below, requires regularisation under Article 205 of the Constitution :—

AUDIT REPORT 1981-82

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Total grant</i>	<i>Expenditure</i>	<i>Excess</i>
Revenue Section				
		<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
1.	1. State Legislature	13,10,000	13,66,229	56,229
2.	2. Cabinet	26,40,000	27,58,398	1,18,398
3.	3. Agriculture	2,39,57,000	2,48,84,194	9,27,194
4.	7. Education	3,30,93,000	4,17,76,153	86,83,153
5.	8. Establishment Department	4,46,000	4,72,074	26,074
6.	11. Income Tax and Sales Tax	2,94,000	3,31,128	37,128
7.	13. Food and Civil Supplies	11,30,000	11,53,125	23,125
8.	14. Forest and Soil Conservation	2,50,76,000	2,70,68,489	19,92,489
9.	17. Administration of Justice	5,53,000	5,64,874	11,874
10.	19. Industries	49,28,000	49,57,473	29,473
11.	26. Medical and Public Health	1,88,41,000	2,07,33,408	18,92,408
12.	27. Motor Vehicles	3,83,000	4,23,925	40,925
13.	35. Sikkim Nationalised Transport	2,97,65,000	3,24,09,983	26,44,983
14.	36. Tourism	23,70,000	30,15,412	6,45,412

Reasons for the excesses mentioned above have not been intimated (February 1983) by the respective departments.

AUDIT REPORT 1981-82

Sl. No.	Number and name of grant	Total grant	Expenditure	Excess
Capital Section		<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
1.	1. State Legislature	6,000	11,100	5,100
2.	3. Agriculture	30,90,000	42,56,718	11,66,718
3.	4. Animal Husbandry	25,90,000	26,81,918	91,918
4.	7. Education	47,00,000	51,25,243	4,25,243
5.	13. Food and Civil Supplies	6,20,000	6,28,626	8,626
6.	14. Forest and Soil Conservation	25,000	26,900	1,900
7.	20. Government Institute of Cottage Industries	2,17,000	2,20,696	3,696
8.	24. Law Department	3,000	17,165	14,165
9.	26. Medical and Public Health	40,50,000	43,35,062	2,85,062
10.	29. Power	2,75,96,000	2,76,51,821	55,821
11.	36. Tourism	7,15,000	10,13,343	2,98,343

Reasons for the excesses mentioned above have not been intimated (February 1983) by the respective departments.

(b) Charged appropriation

Excess of Rs. 1,57,787 over two charged appropriations in the Revenue Section as detailed below also requires regularisation:—

Revenue Section				
1.	Governor	9,01,000	10,40,861	1,39,861
2.	17. Administration of Justice (Charged)	6,55,000	6,72,926	17,926

AUDIT REPORT 1981-82

The reasons for excess under Appropriation 'Governor' have not been intimated (December 1982). The excesses under 'Administration of Justice' was owing to filling up of vacant posts and settlement of pending claims.

2.3 Supplementary grants/charged appropriations

During the year, supplementary provision of Rs. 5.65 crores (about 11.3 per cent of the original provision of Rs. 49.70 crores) was obtained. Rupees 3.50 crores were to augment revenue expenditure of which Rs. 3.13 crores were under 26 grants and Rs. 0.37 crore were under 4 charged appropriations. Rupees 2.15 crores were to augment capital expenditure of which Rs. 2.05 crores were under 8 grants and Rs. 0.10 crore were under 1 charged appropriation.

Details of significant cases of unnecessary, excessive and inadequate supplementary grants (exceeding Rs. 1 lakh in each case) are given below:—

(i) Unnecessary supplementary grants

In the following cases, supplementary provisions proved to be unnecessary, as the expenditure did not come up even to the original provision.

Sl. No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(in lakhs of rupees)					
Revenue Section					
1.	10. Finance Department	8.76	1.70	8.54	1.92
2.	12. Other Expenditure of the Finance Department	35.37	3.15	31.37	7.15
3.	20. Government Institute of Cottage Industries	28.19	2.12	26.09	4.22

AUDIT REPORT 1981-82

		<i>(in lakhs of rupees)</i>			
4.	29. Power	1,82.00	9.42	1,36.46	54.96
5.	32. Public Works, Roads, Bridges and Water Supply	10,31.64	1.57	5,15.86	5,17.35
6.	33. Rural De- velopment	4,80.92	3.01	4,09.02	74.91

Reasons for the savings are awaited (February 1983).

(ii) Excessive Supplementary grants

In the following cases, supplementary provision proved to be excessive :—

Revenue Section

1.	15. Fisheries and wild Life	27.80	3.60	28.04	3.36
2.	16. Home Depart- ment	40.15	8.19	44.48	3.86
3.	23. Land Revenue	48.28	1,67.92	1,64.67	51.53
4.	31. Cultural Affairs	24.22	5.00	26.17	3.05
5.	34. Scheduled Castes and Sched- uled Tribes Welfare	19.25	34.50	41.67	12.08

Capital Section

1.	31. Cultural Affairs	5.56	3.00	7.22	1.34
2.	32. Public Works, Roads, Bridges and Water Supply	5,24.80	80.00	5,63.71	41.09

AUDIT REPORT 1981-82

3.	35. Sikkim	<i>(in lakhs of rupees)</i>			
	Nationalised				
	Transport	90.75	15.00	1,04.69	1.06

(iii) Inadequate supplementary grants

In the following cases, supplementary provision proved to be inadequate :—

Sl. No.	Number and name of grant/ appropriation	Original grant	Supplementary grant	Expenditure	Excess
Revenue Section					
1.	Governor (Charged)	7.61	1.40	10.41	1.40
2.	2. Cabinet	16.40	10.00	27.58	1.18
3.	3. Agriculture	2,37.56	2.01	2,48.84	9.27
4.	7. Education	3,07.94	22.99	4,17.76	86.83
5.	14. Forest and Soil Con- servation	2,48.76	2.00	2,70.68	19.92
6.	35. Sikkim Nationalised Transport	2,73.80	23.85	3,24.10	26.45
Capital Section					
1.	7. Education	21.00	26.00	51.25	4.25
2.	26. Medical and Public Health	24.50	16.00	43.35	2.85

2.4 Advances from the Contingency Fund

A Contingency Fund of Rs. 50 lakhs has been placed at the disposal of the Government to enable them to make advances for meeting unforeseen expenditure, pending authorisation by the Legislature. The advances from the Fund are to be made only to meet expenditure which is of such an emergent character that the postponement of it, till its authorisation by the Legislature would be undesirable.

AUDIT REPORT 1981-82

In all, three sanctions were issued during the year 1981-82, advancing Rs. 5.20 lakhs, which were actually drawn (Rs. 2 lakhs under grant No. 3—Agriculture, Rs. 0.20 lakh under grant No. 12—Other Expenditure of the Finance Department and Rs. 3 lakhs under grant No. 15—Fisheries and Wild Life).

Advance of Rs. 10 lakhs drawn during 1980-81 under grant No. 19—Home Department for the Welfare of Scheduled Castes, Scheduled Tribes had only been recouped during the year.

2.5 Shortfall in recoveries

Under the system of gross budgeting, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the Accounts in reduction of expenditure; the anticipated recoveries and credits are shown separately below the budget estimates. During 1981-82 such recoveries were anticipated at Rs.6,40.00 lakhs under the Revenue Section. Actual recoveries during the year were however, only Rs. 3,88.79 lakhs. The short recoveries occurred under the following grants:—

<i>Sl. No.</i>	<i>Number and name of grant</i>	<i>Estimated recoveries</i>	<i>Actual recoveries</i>	<i>Shortfall</i>
		<i>(in lakhs of rupees)</i>		
(i)	29 Power	1,20.00	76.15	43.85
(ii)	32 Public Works, Roads, Bridges and Water Supply	4,00.00	2,62.30	1,37.70
(iii)	33 Rural Development	1,20.00	50.34	69.66

Basis of the original estimation and reasons for the shortfall have not been furnished (February 1983).

AUDIT REPORT 1981-82

2.6 Non-receipt of explanations for savings/excesses

After the close of financial year, the detailed Appropriation Account showing the final grants/appropriations, the actual expenditure and the resultant variations are sent to the Controlling Officers to obtain reasons for the variations for being incorporated in the Appropriation Accounts. As in the previous years, in many cases the reasons for variations were not furnished to Audit by the Controlling Officers. As regards the Appropriation Accounts for 1981-82, explanations for variations were not received (April 1983) in the case of 150 out of 303 heads under the Revenue/Capital Section of grants/charged appropriations.

2.7 Non-regularisation of excess expenditure

The excesses under the various grants/charged appropriations during 1978-79, 1979-80 and 1980-81 mentioned in the Reports of the Comptroller and Auditor General of India for the years 1978-79, 1979-80 and 1980-81 have not yet been regularised (April 1983).

CHAPTER III
RESULTS OF AUDIT

Section I
Civil Departments

Department of Health and Family Welfare

3.1.1 National Malaria Eradication Programme

1. Introductory

National Malaria Control Programme was launched in 1953 with the object of bringing down malaria transmission to a level that it would cease to be a major health problem. The programme was renamed as National Malaria Eradication Programme (NMEP) from 1958-59 with the object of elimination of malaria from the country. The programme had three phases, viz., (i) attack (ii) consolidation and (iii) maintenance. The central assistance was provided to the States for the implementation of the first two phases of the programme in the form of supply of insecticides, anti-malarials, materials and equipment free of cost, besides meeting the operational expenses, subject to a deduction of the expenditure incurred by the State Governments in 1957-58 on the National Malaria Control Programme which was in operation in Sikkim since 1957. The entire expenditure on the maintenance phase was to be met by the State Government.

In Sikkim, National Malaria Eradication Programme was commenced in 1958 and an area of 3415 sq. kms. constituting 47 per cent of the total of area Sikkim (7299 sq. kms.) was covered under the programme. The extent of population covered under the programme in the State was 57.78 per cent of the total population (1.82 lakhs as against the total population of 3.15 lakhs as per 1981 census). According to the Department,

AUDIT REPORT 1981-82

population residing below 5,000 feet high only were being covered by the programme. The programme entered the consolidation phase in January 1967. Normally, the programme was expected to move into maintenance phase ten years after its commencement, but it is yet to enter the maintenance phase (January 1983). The Department did not state the reasons for the delay in moving into maintenance phase. Under the programme, 122 Fever Treatment Depots and malaria clinics in 8 Primary Health Centres were established. The number of positive cases detected in the State during 1977 and onwards is given below.

<i>Year</i>	<i>Population as per NMEP Census (in thousands).</i>	<i>No. of positive cases detected.</i>	<i>Average No. of cases detected per thousand of population</i>
1977	161	98	0.61
1978	166	50	0.30
1979	170	66	0.39
1980	176	45	0.26
1981	182	40	0.22
1982	189	45	0.24

Of the positive cases detected, year-wise break-up of cases imported from outside were as under:—

<i>Year</i>	<i>Number of cases imported from outside</i>
1977	Not available
1978	16
1979	31
1980	25
1981	31
1982	17 (of 24 positive cases detected upto July 1982)

AUDIT REPORT 1981-82

The Annual Parasite Index (API) of the four districts of the State (where the API was 2 and above) during the years from 1977 to 1981 is given in Annexure A. The existence of positive cases indicate ineffectiveness of the programme in containing malaria in the State.

The details of provisions made under the scheme, expenditure incurred on the scheme, central assistance received and utilised were not available with the department. The details of outlay and expenditure on NMEP for the years 1975-76 to 1981-82 collected by audit are furnished below :—

<i>Year</i>	<i>Provision</i>	<i>Expenditure</i>
		<i>(in lakhs of rupees)</i>
1975-76	N. A.	6.75
1976-77	7.70	6.67
1977-78	12.08	8.47
1978-79	12.58	9.54
1979-80	6.19	12.63
1980-81	11.00	12.00
1981-82	12.72	13.81

2. Modified plan of operation

The Government of India introduced a modified plan of operation (MPO) in January 1977 with a view to effectively controlling and containing malaria and preventing of deaths due to malaria instead of its total eradication. Under this plan, the working pattern is based on API of the areas assessed from the surveillance operations. Areas recording API 2 and above are to be given regular cyclic spray of insecticides while areas recording API less than 2 are to be subjected to focal spray only around positive cases. Entomological studies are to be strengthened to provide intelligence regarding susceptibility level of vector to insecticides to decide the right type of insecticides to be used for spray.

AUDIT REPORT 1981-82

The MPO was implemented in the State from January 1978 onwards by the Department of Health and Family Welfare. Prior to implementation of MPO, the programme was under the control of District Malaria Officer. After implementation of the scheme in almost all districts, the administrative and operational control was under the District Malaria Officer. The Sikkim NMEP unit was divided into 8 circles, 24 sectors and 83 sub-sectors.

The total expenditure on NMEP during the period from 1973-74 to 1980-81 as intimated by the department was Rs. 80.67 lakhs. The expenditure figures for the period prior to 1973-74 were not available with the Department. Details of value of materials and equipments and insecticides supplied by Government of India, could not be ascertained as the relevant records are not available with the Department.

A test check (December 1981-January 1982) of the records pertaining to the programme in the State in the office of the Director of Health and Family Welfare and District Malaria Officer revealed the following points:-

(i) Spray Operations

Under the MPO all sections with API 2 and above in the previous year should be subjected to spray in two rounds with DDT (75 per cent) or 3 rounds with BHC(50 per cent) or Malathion(25 per cent) in order to ensure the interruption of malaria transmission. The operation must be thorough, aiming at total coverage of population and area both in quantity and quality and also well timed according to the local transmission season. The spraying was, however, not carried to the full extent and the deficiency ranged from 4 per cent to 61 per cent during the years 1977 to 1982 as detailed below :-

AUDIT REPORT 1981-82

Year	Sprayable population (API 2 and above)	Population actually covered		Percentage of deficiency	
		Ist round	IInd round	Ist round	IInd round
		(Population in thousands)			
1977	12.61	12.10	9.78	4.06	22.40
1978	15.35	5.96	12.27	61.10	20.10
1979	18.20	15.74	16.53	13.50	9.10
1980	23.47	16.43	15.22	30.00	35.10
1981	25.56	21.03	16.53	18.00	35.00
1982	28.03	19.25	15.14	31.00	46.00

The Department stated (January 1983) that the shortfall was due to refusal of house owners for undertaking spraying operation in their dwellings and also that some houses were found locked when the spray team visited the villages.

The total number of rooms and cattle sheds covered under spray operations during the year 1979 and onwards is shown below:-

Year	Targetted rooms	Rooms covered	Targetted sheds	Cattle sheds covered
1979	16,273	15,498	6,497	6,185
1980	17,621	16,882	6,929	9,507
1981	25,933	24,477	8,264	7,892
1982	23,077	22,131	8,896	8,568

Under the MPO, in areas with API less than 2, focal spray is to be carried out in 50 houses around every positive case during transmission season. The Department stated that focal spray was carried out around most of the positive cases, but no record of having carried out focal spray was made available.

AUDIT REPORT 1981-82

(ii) Surveillance procedure

(a) Blood smears were to be collected at 10 *per cent* of the total population per annum for laboratory analysis. The total number of blood smears collected during 1977 to 1982 is indicated below:-

Year	Population	No. of blood smears to be collected	No. collected
		(in thousands)	
1977	161	16.1	32.5
1978	166	16.6	28.4
1979	170	17.0	31.0
1980	176	17.6	30.1
1981	182	18.2	24.3
1982	189	18.9	24.43

(upto November 1982)

The information whether all the blood smears collected were tested in the laboratory was awaited from the Department (April 1983).

(b) **Passive surveillance** :— Blood smears were to be collected for test, in not less than 15 *per cent* of the new cases in the out-patient department of hospitals. As the number of new cases in the out-patient Department of the hospitals during 1977 to 1982 was not available it could not be ascertained, whether there was any shortfall in collection of blood smears.

(c) **Mass blood survey** :—

On detection of a positive cases in areas with API less than 2, blood smears were to be collected from all persons in the household and in the neighbourhood with a view to assessing the extent to which the population in the area had been affected. There were shortfalls in blood smear collections during the

AUDIT REPORT 1981-82

years 1977, 1978, 1980 and 1981 as indicated below :—

Year	No. of positive cases detected in areas with API less than 2.	No. of blood smears to be collected @ 250 per positive case.	No. collected.	Percentage of shortfall.
1977	34	8,500	3,791	55.4
1978	36	9,000	1,323	85.3
1980	40	10,000	1,293	87.07
1981	39	9,750	2,121	70.20
1982	API not yet fixed.			

The Department stated (December 1982) that the targetted blood smear collection for Mass and Contact Survey in such difficult terrain system with scattered houses could not be 250 blood smears per positive case.

(iii) Radical treatment

All positive cases in malaria were required to be given radical treatment within 10 days of detection. It was, however, seen that besides delays in administering radical treatment in few cases the radical treatment was not given at all, as detailed below :—

Year	Total No. of positive cases treated	No. of cases treated within 10 days	No. of cases after 10 days		Cases treated Post-poned due to pregnancy	Cases not treated at all	Percentage of shortfall (Not treated within 10 days)
			11-20 days	21-40 days			
1978	50	29	4	7	1	9	42
1979	66	45	11	1	2	7	32
1980	45	33	2	1	—	9	27
1981	40	38	—	—	1	1	5
1982	45	42	—	—	1	2	7

(Upto November 1982)

AUDIT REPORT 1981-82

The Department stated (January 1983) that the cases could not be treated as the patients left the place.

All blood smears found malaria positive were to be sent to the State Central Laboratory for confirmation. As there was no Central Laboratory in the State, the positive slides were sent to Regional Directorate Calcutta, for cross checking. The number of positive cases sent to Regional Director, Calcutta during 1978 to 1982 were as under :—

<i>Year</i>	<i>No. of positive cases detected</i>	<i>No. of positive cases sent to Regional Director, Calcutta.</i>	<i>Percentage of shortfall</i>
1978	50	38	24
1979	66	38	42
1980	45	26	42
1981	40	31	22
1982	31	29	6

(Upto September 1982)

The Department stated that they were under the impression that only two *per cent* of the blood slides including positive cases were to be sent to Regional Director, Calcutta and, however, all positive slides as well as five *per cent* of negative ones were now being sent to the Regional Director, Calcutta (January 1983).

(iv) Entomological studies

Systematic and continuous entomological studies were to be undertaken to provide intelligence report of susceptibility level to insecticides in the vector species so that in areas of high incidence the right type of insecticides might be used. Short

AUDIT REPORT 1981-82

term result-oriented studies were to be taken up in areas of persistent transmission or of double resistance. The Department stated (January 1982) that there were no areas of persistent transmission or of double resistance in the State and hence no short term result-oriented studies were taken up. The regional co-ordinating organisation had also not identified areas for carrying out short term result-oriented studies with their own staff. Entomological cell was established in the March 1978. Entomological studies were carried out and annual reports published in 1979 and 1980. Insecticide susceptibility tests were carried out every year with D.D.T impregnated papers in all the areas.

(v) Insecticides

Quantities of insecticides required for the state were estimated and supplied by the Directorate of NMEP on the basis of epidemiological reports of the State. Year-wise details of insecticides received, consumed and balance in stock during 1976-77 to 1982-83(December 1982) were as under:-

<i>Year</i>	<i>Opening balance</i>	<i>Receipt</i>	<i>Consumed</i>	<i>Closing balance</i>
		<i>(in kilograms)</i>		
1976-77	422	3,370	1,134	2,658
1977-78	2,658	Nil	2,655	3
1978-79	3	4,500	2,270	2,233
1979-80	2,233	5,980	3,953	4,260
1980-81	4,260	—	3,460	800
1981-82	800	20,000	3,900	16,900
1982-83	16,900	—	4,700	12,200
(upto December 1982)				

Though the average annual consumption of insecticides (D.D.T) during 1976-77 to 1980-81 was 2,700 kg as only (225 kgs. per month approximately), in June-July 1981 the Department received 20,000 kgs. (cost: Rs. 1.99 lakhs) of insecticides based on the epidemiological reports sent by it.

AUDIT REPORT 1981-82

The actual consumption during 1981-82 and 1982-83 (December 1982) was 8,600 kgs. and the stock in December 1982 was 12,200 kgs. According to the department the expiry date of the insecticides is July 1983 and no survey of the material that has become unusable has been carried out so far (March 1983). The system of check of active ingredient contents of the insecticides before use, had not been adopted in the State.

(vi) Anti-malarials

Anti-malarials were supplied free of cost for ensuring presumptive treatment of all fever cases and radical treatment of the positive cases. The requirement of anti-malarials was to be estimated on the basis of number of fever cases anticipated based on the statistics for past year. It was, however, seen that the requirements of anti-malarials were not properly assessed and considerable stock of the antimalarials was lying unused as indicated below:—

(a) Out of 19,56,000 chloroquine tablets received during 1976-77 to 1980-81, 9,73,203 tablets valued at Rs. 1.27 lakhs were lying in stock at the end of March 1983.

(b) 1,40,000 chloroquine tablets valued at Rs. 0.18 lakh and 10,000 chloroquine tablets valued at Rs. 1,300 were issued to the Senior Medical Officer, 46 Border Road Task Force in December 1978 and September 1978 respectively. However, utilisation of the tablets could not be verified as no records were available with the Department.

(c) 79,000 Quinine sulphate tablets (value not available) were returned to the Government Medical stores, Gauhati in October 1978 as the use of these tablets had been discontinued under the programme.

AUDIT REPORT 1981-82

(d) Out of 1,000 vials of chloroquine phosphate injections received during September 1980, 900 vials valued at Rs. 0.38 lakh were sent to the Director of Health Services, Mizoram in May 1981. 100 vials (value : Rs. 4,230) whose date of expiry was in July 1981 were in stock. The Department stated (January 1983) that no time expired medicine was consumed at any time.

3. Staff Pattern

The staff pattern adopted for the field and laboratory work under the programme was 1 Entomologist, 8 Malaria Inspectors, 25 Surveillance Inspectors 100 Surveillance workers, 1 Insect Collector, 9 Laboratory Technicians, 6 Field Workers (12 months), 15 Seasonal Field workers and 3 Superior Field Workers. The Department was supplied with 22 Nos. of stirrup pumps and 25 Nos. of hand compression pumps.

There was excess employment of staff as indicated below :—

<i>Sl. No.</i>	<i>Name of post</i>	<i>Staff required for one unit</i>	<i>Staff employed</i>	<i>Excess employment</i>
1.	Malaria Inspector	4	8	4
2.	Laboratory Technician	4	9	5

The Department stated (December 1982) that the pattern of staff employed was as sanctioned by the Government of India. However, the sanction of Government of India for employing excess number of malaria Inspectors and Laboratory Technicians was not made available to audit. The expenditure incurred on staff over the prescribed norms is Rs. 3.50 lakhs (1976-82).

AUDIT REPORT 1981-82

4. Monitoring and evaluation

There was no system of monitoring and evaluation of the NMEP activities in the State. However, the unit was visited by an Independent Appraisal Team comprising of one representative of W. H. O, Regional Director of Health and Family Welfare, Baroda and one officer of the rank of Major of Army Medical Corps during February 1979 and it had commented that the average output of the Laboratory Technicians in examining the blood smears was low and they were not trained in thick smear diagnosis. The team suggested that the low output of the technicians could be remedied by increasing passive collections and opening of Fever Treatment Depot (FTD) centres. The Department stated (January 1983) that efforts were made to reactivate the FTDs which were not functioning and all Government hospitals were requested to collect blood smears from all fever cases.

Summing up

The total expenditure on NMEP during the period from 1973-74 to 1981-82 was Rs. 80.67 lakhs (excluding value of equipment, material and insecticides). The programme, however, did not move into maintenance phase even after 23 years of its operation, despite the large financial expenditure incurred on its implementation.

57.78 per cent of the total population of the State was covered under the programme. Being hilly terrain, population residing below the height of 5000 feet were only covered under the programme.

The out-patient department of the hospitals did not maintain records of new cases during 1977-1982 with the result that it could not be ascertained whether blood smears were collected for test as per prescribed norm for passive surveillance.

AUDIT REPORT 1981-82

Delays in administering radical treatment and failure to give radical treatment ranged from 5 *per cent* to 42 *per cent* during the years 1978 to 1982.

The spraying operation was not done to the full extent as prescribed by the Government of India, and the deficiency ranged from 4 *per cent* to 61 *per cent* during the years 1977 to 1982.

The average output of the Laboratory Technicians in examining blood smears was low and they were not trained in the thick smear diagnosis. The Fever Treatment Depots were not functioning in the State.

In spite of the fact that programme is under implementation for the last 23 years *i.e.* from 1958 to 1981, 57.78 *per cent* of the total population could only be covered so far.

The matter was reported to Government in October 1982; their reply is awaited (April 1983).

Notes in the low districts of the State

Year	1970	1971	1972	1973	1974	1975
1970	1.1	1.1	1.1	1.1	1.1	1.1
1971	1.1	1.1	1.1	1.1	1.1	1.1
1972	1.1	1.1	1.1	1.1	1.1	1.1
1973	1.1	1.1	1.1	1.1	1.1	1.1
1974	1.1	1.1	1.1	1.1	1.1	1.1
1975	1.1	1.1	1.1	1.1	1.1	1.1

	1974	1975	1976	1977	1978
1974	100	100	100	100	100
1975	100	100	100	100	100
1976	100	100	100	100	100
1977	100	100	100	100	100
1978	100	100	100	100	100

...

AUDIT REPORT 1981-82

Department of Industries

3.1.2 District Industries Centre.

1. Introductory

In order to provide a focal point at the district level for promotion of Small, Village and Cottage Industries and to provide all services and support to them under a single roof, the scheme of setting up District Industries Centres (DICs) was launched (May 1978) in the State by Government of India. The object was to set up in every district a Centre to undertake economic investigation of the potential for development of the district including its raw materials and other resources, supply of machinery and equipments, arrangements for credit facilities, marketing assistance and quality control, research, extension and entrepreneurial training. A District Industries Centre covering South and West Districts of Sikkim with Headquarters at Jorethang started functioning from August 1978.

The Central assistance comprised of :—

- (i) non-recurring grant of Rs. 2 lakhs *per* D.I.C for construction of a building for office accommodation,
- (ii) non-recurring grant of Rs. 3 lakhs for furniture and fixtures, office equipments, vehicles, etc. and
- (iii) recurring grant of Rs. 5 lakhs *per* DIC to be shared between the Centre and the State on 75:25 basis. From 1979-80, the pattern of assistance was revised to 50:50 basis for both recurring and non-recurring components of the programme. In addition, loans were advanced to the State Governments for eventual disbursements to the actual beneficiaries as loans for a period not exceeding 15 years depending upon the profitability of the enterprises.

2. Outlay and expenditure

The grants received from Government of India and obtained from the State Government, the expenditure incurred therefrom and the unutilised balance are shown below :—

AUDIT

Year	<i>Grants received</i>				Loans	Total recei- pts	Recurring	
	<u>Recurring</u> Cen- tral	<u>State</u>	<u>Non-recurring</u> Cen- tral	<u>State</u>			Cen- tral	State
1978-79	1.50	1.80	5.00	—	2.75	11.05	0.39	3.46
1979-80	1.90	2.00	—	—	0.50	4.40	0.52	1.02
1980-81	1.65	4.00	—	—	0.57	6.22	1.76	3.54
1981-82	2.13	5.00	—	—	0.45	7.58	1.74	4.67
Total	7.18	12.80	5.00	Nil	4.27	29.25	4.41	12.69

REPORT 1981-82

Expenditure

<i>Non-recurring</i>		<i>Loans</i>	<i>Total expenditure</i>			<i>Unutilised</i>		<i>Balance</i>
<i>Central</i>	<i>State</i>		<i>Central</i>	<i>State</i>	<i>Loans</i>	<i>Central</i>	<i>State</i>	<i>Loans</i>
(in lakhs of rupees)								
2.90	—	—	3.29	3.46	—	3.21	(—)1.66	2.75
0.50	—	0.27	1.02	1.02	0.27	0.88	(—)0.98	0.23
1.60	—	0.50	3.36	3.54	0.50	(—)1.71	0.46	0.07
—	—	0.35	1.74	4.67	0.35	0.39	0.33	0.10
5.00	—	1.12	9.41	12.69	1.12	2.77	0.11	3.15

AUDIT REPORT 1981-82

Out of Central assistance of Rs. 12.18 lakhs (Recurring : Rs.7.18 lakhs and non-recurring : Rs.5.00 lakhs) expenditure of Rs.9.41 lakhs was actually incurred (Recurring: Rs.4.41 lakhs and non-recurring: Rs. 5.00 lakhs) leaving an unspent balance of Rs. 2.77 lakhs at the end of 1981-82; out of loans of Rs. 4.27 lakhs, only Rs. 1.12 lakhs was utilised leaving an unutilised loan of Rs. 3.15 lakhs. Out of the total grant of Rs. 12.80 lakhs released by the State Government, only Rs. 12.69 lakhs could be utilised leaving an unspent balance of Rs. 0.11 lakh.

3. Survey and Action Plan

The last techno-economic survey of the District was conducted by the DCSSI in 1974. Updating of survey and statistics of the District was under compilation for assessing the potential for industrial development and the types of assistance that the entrepreneurs would require for starting industries. Further developments were awaited (April 1983).

4. Physical targets and achievements

Against the targetted 2,500 jobs to be created each year, only 70,157 and 220 jobs were actually created during 1979-80, 1980-81 and 1981-82 respectively.

The physical and financial achievements against the targets during these three years reported by the Director of Industries are shown below:-

Year	Target No. of units proposed		Employment Potential		Achievement Units established		Additional Employment generated	
	Artisan	SSI Total	Artisan	SSI Total	Artisan	SSI Total	Artisan	SSI Total
1979-80	50	10	60	125	21	14	35	70
1980-81	30	15	45	140	34	5	39	157
1981-82	50	22	72	350	8	Nil	8	220

AUDIT REPORT 1981-82

Year	Target				Achievement					
	DIC funds	State funds other than DIC fund	Finan- cial insti- tution Bank	Other sou- rces	Total	DIC funds	State funds other than DIC fund	Finan- cial insti- tution Bank	Other sources	Total
	(in lakhs of rupees)				(in lakhs of rupees)					
1979-80	2.00	1.00	2.00	..	5.00	0.25	..	2.10	..	2.35
1980-81	2.00	2.00	5.00	..	9.00	0.50	..	2.20	..	2.70
1981-82	3.00	..	15.00	6.00	24.00	1.14	..	1.01	0.80	2.95

Although the physical targets were reported to have been achieved, the financial targets were not achieved. As against targetted amount of Rs. 38 lakhs, Rs. 8 lakhs could be spent. The shortfall in financial performance was mainly due to non-materialisation of the targetted applications for assistance under loans, etc.

5. Action Plan

Out of 14 industries to be set up in the Action Plan, 10 industries namely, Aluminium Utensils, Auto Servicing and Repairing, Corrugated Card Board Boxes, Hosiery, Paper bags and envelopes, Semi-mechanised bakeries, Tyre Retreading, wood based Industries, Handlooms and Handicrafts were actually set up. Four industries, viz., Manufacturing of Agricultural Implements, Cattle and Poultry Feed, File Covers and File Boards and Ginger Dehydration/Ginger Oil were not set up. The department stated (December 1982) that it was due to unwillingness of the entrepreneurs. The units set up were reported to have been inspected by the officers of the Centre, but no reports regarding the progress made by them were made available to audit.

6. Disbursement of loans to entrepreneurs and recoveries thereof

To provide scope for gainful employment, emphasis was given in the Action Plan for promoting activities with low in-

AUDIT REPORT 1981-82

vestment. However, no target for disbursement of loans was fixed. Loans were disbursed to entrepreneurs for carpet weaving, knitting, tailoring, shoe-making, Rarhi weaving, etc.

The number of loan applications sanctioned, disbursed, due for recovery, recovered, and balances to be recovered at the end of March 1982 in respect of loans sanctioned during 1979-80, 1980-81 and 1981-82 were as follows :—

Year	No. of applications		Amount due for recovery			Amount recovered		Balance	
	Received	Sanctioned	principal	Interest	Principal	Interest	Principal	Interest	
			(in lakhs of rupees)						
1979-80	17	12	0.31	0.31	0.03	0.18	0.01	0.13	0.01
1980-81	22	17	0.50	0.31	0.02	0.07	*(a)	0.24	0.02
1981-82	26	16	0.35	0.10	0.01	0.04	*(b)	0.06	*(c)

Out of Rs. 1.16 lakhs (including 0.04 lakh sanctioned by the State) disbursed as loans to entrepreneurs, a sum of Rs. 0.72 lakh became due for recovery by March 1982; of this only Rs. 0.30 lakh had been recovered. Rs. 0.43 lakh was over due as principal and Rs. 0.03 lakh as interest at the end of March 1982. The Department stated (March 1983) that the recovery of outstanding balance is being pursued by the DIC.

7. Growth Centres

The primary task entrusted to DICs was to prepare an Action Plan which would concentrate on demands, skills and surplus resources of the district and provide block-wise details of

*The actual amount is (a) Rs. 259, (b) Rs. 152 and (c) Rs. 319.

AUDIT REPORT 1981-82

industrial development programme and needs for organisational support, bringing out various requirements of input including financial, entrepreneurial, employment and production potentials. The Action Plan prepared by the Department envisaged identification of the suitable entrepreneurs, arranging technical and managerial training courses and help vigorously for establishing small and tiny ventures.

According to the Action Plan prepared by the District Industries Centre, 3 Growth Centres were proposed to be developed so as to make the maximum use of raw materials and skills available locally, *viz.*, handicrafts, handloom, wood works, blacksmithy, etc. The Growth Centres were, however, not formed (March 1982). The Department stated (October 1982) that Kalook in West Sikkim and Ravangla in South Sikkim had been identified as Growth Centres and Community worksheds have been constructed in both the places by the Rural Development Department, but they are yet to be handed over (December 1982).

8. Staff Pattern

The post of the General Manager, and three Functional Managers created in August 1978 remained vacant till March 1980 and September 1980 respectively. The delay in posting the officers envisaged under the scheme has affected the implementation of the programme.

According to Government of India's instructions, the post of General Manager should be filled up either by Joint Director or a Senior Deputy Director of the Industries Department. Posts of Functional Manager should have been filled up either by Deputy Director or Senior Assistant Directors. The post of General Manager was filled up by promoting a Manager of the Industries department and those of Functional Manager by promoting technicians working in the Industries department of the State Government due to non-availability of suitable technically qualified persons.

AUDIT REPORT 1981-82

Management training course in Industrial Management and Production Finance Management as envisaged in the Action Plan prepared by the District Industries Centre were not arranged by the Department. However, the Director of Industries stated (October 1982) that the entrepreneur Motivation Development Programmes were conducted one each at Gangtok and Jorethang. The rules for recruitment of officers and staff required for DIC, have not been framed so far (March 1983).

9. Delegation of powers

The scheme envisaged delegation of powers to the DICs to facilitate prompt and effective assistance to entrepreneurs particularly, in regard to obtaining raw materials and rendering assistance. No delegation of powers is given to Managers and Functional Managers. Routine powers of incurring the expenditure were delegated to General Manager, DIC, only in October 1982.

10. Industrial Sheds

Action Plan prepared by the DIC envisages construction of 20 industrial sheds with functional and residential quarters for the workers in different areas. No industrial shed has, however been built by the DIC.

11. Training Programme

The Centre has so far (March 1983) arranged training under the Rural Artisans Training Programme in (a) cutting, tailoring and knitting, (b) carpentry, (c) handlooms and (d) religious paintings and handicrafts. The number of persons trained were 80, 60, 10 and 10 respectively. The duration of the course was 3/6 months, or 1 year, depending on the course. In 25 cases,

AUDIT REPORT 1981-82

knitting machineries were given to trained persons at subsidised rates. The carpenter trainees were given one set of carpentry hand tools costing Rs. 1,200 free of cost after training.

12. Construction of office building and staff quarters

Under this programme, Rs. 2 lakhs per DIC were provided by the Government of India for construction of buildings for office accommodation. Though the funds were provided during 1978-79, the office building for the DIC at Jorethang was completed by February 1981 at an estimated cost of Rs 2.24 lakhs. The delay in construction of office building, which was attributed to non-vacation of the site by the occupants for some time, refusal of the contractor to resume the work, resulted in an avoidable payment of rent amounting to Rs. 0.20 lakh during the period July 1978 to February 1981.

Construction of Class II, III and IV double-unit staff quarters at Rothak (cost : Rs. 2.53 lakhs) was completed in February 1981 but had not been occupied (October 1982) by the DIC staff due to non-availability of drinking water and electricity.

13. State Level Committee and District Advisory Committee

The District Advisory Committee which was expected to provide a suitable arrangement for effective co-operation between the DIC and other State Government Departments/Undertakings, Local bodies *etc.* was not formed. It was stated by the Department (December 1982) that at the time of setting up of DIC, there were District Planning Committees to which a representative from the Industries Department used to be invited to participate in the meetings. Even though, there were no regular meetings of such Committees, they held meetings once in two or three months. Further, as the Department felt

AUDIT REPORT 1981-82

that the Director of Industries would be able to co-ordinate the various activities of DIC, with other Departments of Government of Sikkim, District Advisory Committee was not formed. The State Level Committee which was to supervise and monitor the functioning of the District Industries Centre, and to report to the Government of India, the progress made, problems encountered *etc.* was formed but was not able to review the functioning of the DIC. There was, therefore, no evaluation at Government level of the functioning of the DIC.

Summing up

Out of Rs. 16.45 lakhs received in the form of grants and loans during 1978-82 from the Government of India, only Rs. 10.53 lakhs were utilised by the one DIC set up in the State in August 1978 leaving an unspent balance of Rs. 5.92 lakhs.

Out of Rs. 1.16 lakhs disbursed as loans to entrepreneurs, Rs. 0.45 lakh were overdue (Principal Rs. 0.42 lakh, Interest Rs. 0.03 lakh) for recovery at the end of 1981-82. As against the targetted 177 units/615 jobs to be created, only 82 units/447 jobs were created during 1979-82. While the targetted financial outlay was Rs. 38 lakhs, the assistance rendered was Rs. 8 lakhs.

Three Growth Centres and 4 Industries envisaged in the Action Plan, were not formed.

District Advisory Committee was not formed while the State Level committee formed, as envisaged in the scheme, did not meet to render necessary assistance and guidance for proper functioning of the DIC.

The post of one General Manager and 3 Functional Managers were sanctioned in August 1978 but no appointments were made against these posts till March 1980 and September 1980 respectively.

AUDIT REPORT 1981-82

20 industrial sheds with functional and residential quarters for the workers envisaged in the Action Plan had not been constructed.

Construction of a building for the Centre for which funds of Rs. 2 lakhs were provided by Government of India was completed in February 1981 only and Rs. 0.20 lakh were spent on a building hired for use as office during July 1978 to February 1981. 6 units of staff quarters at Rothak completed (February 1981) at a cost of Rs.2.53 lakhs had not been occupied (October 1982) due to non-availability of drinking water and electricity.

The matter was reported to Government (December 1982); reply is awaited (April 1983).

Scheduled Caste and Tribal Welfare Department

3.1.3.—Welfare of Scheduled Castes and Scheduled Tribes

1. Introductory

According to 1981 Census, the population of Scheduled Castes and Scheduled Tribes constituted 5.78 *per cent* and 23.27 *per cent* respectively of the total population of 3.16 lakhs of the State. Certain communities have been classified as Scheduled castes and Scheduled tribes in the State of Sikkim under the Constitution (Sikkim) Scheduled Castes Order, 1978 and the Constitution (Sikkim) Scheduled Tribes Order, 1978. Promotion of their educational and economic interest and protecting them from social injustice and all forms of exploitation is a constitutional obligation of the Government at the Centre and the State. In pursuance of the provisions of the Constitution, several schemes were drawn up and implemented for their welfare. In all 7 schemes involving a total financial outlay of Rs.46.76 lakhs

AUDIT REPORT 1981-82

were implemented during 1976-77 to 1981-82. The details of the schemes implemented, expenditure incurred and coverage reported are given in Annexure I.

The implementation of the programmes was entrusted to the Home Department upto 1978-79 and to Scheduled Caste and Tribal Welfare Department (S.C. & T.W.D.) from 1979-80 onwards.

The guidelines issued (July 1978) by the Government of India required that the State Government should start evolving eligibility condition giving high priority to Scheduled castes (S.C) and Scheduled tribes (S.T) in the public consumption programmes, especially in regard to minimum needs and that there should be greater emphasis on the schemes of economic development and programmes that would provide avenues of employment. Accordingly it was decided (1979-80) by the State Government that apart from direct assistance to families belonging to S.C. and S.T, a beginning would be made to identify certain components of other Sectoral plans which would go to benefit the S.C. and S.T. Further, certain selected areas where there were heavy concentrations of such population, were to be taken up for the development of infrastructural facilities.

Results of test-check conducted during March 1982 to June 1982 of the records connected with the programme maintained in the Scheduled Castes and Tribal Welfare Department are given in the succeeding paragraphs:—

2. Education

(i) Pre-matric scholarships

Pre-matric scholarships for students studying in classes I to X of scheduled castes/tribes parents, whose income does not exceed Rs. 6,000 *per annum*, was introduced by the State Government in 1979-80. Scholarships amounting to Rs. 1,050 *per*

AUDIT REPORT 1981-82

annum (Maintenance Allowance Rs. 840 *per annum*, Uniform Allowance Rs. 100 *per annum*, Books and Stationery Rs. 50 *per annum*, and Tuition fee Rs. 60 *per annum*) were given under the scheme. The eligibility of the candidates is determined by the Scheduled Castes and Scheduled Tribes Welfare Board and the amounts are drawn by the Secretary, Scheduled Castes and Tribal Welfare Department and disbursed through the Head Masters of the Institutions concerned.

Out of 726 applications received from Scheduled caste students and 941 Scheduled tribe students during 1979-80 and 1980-81, scholarships were granted to 345 and 470 students respectively. In addition, scholarships were renewed during 1980-81 for 128 Scheduled caste and 227 Scheduled tribe students. During 1981-82, 222 applications were received and 90 applications were pending sanction at the time of audit (March 1983). In all Rs. 8.88 lakhs were disbursed. It was seen that there were delays ranging from 5 to 7 months in disbursing the scholarships to the beneficiaries after they had been selected for award of scholarships causing hardship to the students. Sanctions for award of fresh scholarships for 1981-82 were not made available during audit in March 1983. The reasons for the delay in disbursement were attributed by the Department (March 1983) to the small set up of the concerned staff.

Details of pre-matric scholarships granted during 1981-82 are awaited from the department (March 1983).

(ii) Post-matric Scholarships (Centrally Sponsored Scheme)

The scheme provides financial assistance to scheduled castes and scheduled tribes students studying post-matric or post-secondary stage to enable them to complete their education. The children belonging to the scheduled caste and scheduled tribe communities, whose parents' income do not exceed Rs. 9,000 *per annum* are entitled for assistance under the scheme. The

AUDIT REPORT 1981-82

pattern of assistance under the scheme was prescribed by the Government of India from time to time. The scheme was implemented in the State during 1979-80.

It was seen during Audit that for the year 1979-80, the scholarships were approved and drawn on 29th March 1980 only and actual disbursements were made in October 1980, *i. e.*, six months after the academic year was over. Similarly, for 1980-81 the renewal scholarships were sanctioned on 17th January 1981 and fresh scholarships on 25th March 1981 and in both the cases the amounts were disbursed in June-July 1981, *i. e.*, four months after the academic year was over. There was thus not only delay in sanctioning the scholarships extending upto 10 to 11 months, but also delay thereafter in actual disbursements of scholarships spilling over to the succeeding academic year. The arrangements for sanctioning drawal and disbursement of scholarship monies caused hardship to the students intended to be benefitted by the scheme. No action was taken to remedy this state of affairs.

During 1981-82, 18 scholarships amounting to Rs. 0.13 lakh were given to scheduled caste students and 125 scholarships amounting to Rs. 1.07 lakhs were given to scheduled tribe students.

Scrutiny of the applications received from the scholars also revealed that the application forms supplied by the Department did not contain the columns meant for signature and income declaration etc. of the applicant's parents/guardian. In the absence of any information regarding income of the parents, it could not be verified in audit as to how the eligibility based income (Rs. 9,000 *per annum*) was satisfied by the sanctioning authority. On the payment vouchers there was no certificate either from the Head of the institution or from any official authorised for that purpose, certifying that the amount was disbursed before

AUDIT REPORT 1981-82

him or by him. The department did not verify this and ascertain whether the payment was actually made to the eligible person.

The Government of India contemplated introduction of an incentive scheme to grant scholarship at the rate of 1-1/2 times to those who secure atleast 60 *per cent* marks at high school or later stage. However, the scheme has not been introduced.

(iii) Girls Hostel for Scheduled Castes

Under a centrally sponsored scheme the proposal for setting up two Girls' hostels with capacity of 50 inmates each at Kamdong and Soreng was approved (December 1981) by the Central Government and 50 *per cent* of the cost (estimated cost : Rs. 4.45 lakhs) was to be borne by the Central Government. The site for construction of hostels has not been decided so far (March 1983). The facility of providing the hostel is yet to be created.

3. Economic Uplift

Various schemes for construction/repair of houses, purchase of sewing machines, knitting machines, blacksmithy tools, bullocks, leather and watch repairing tools, were introduced from March 1977 onwards for the economic uplift of the scheduled castes in the State. The eligibility criteria for determining the assistance to the scheduled castes community was an income of Rs.600 *per annum* during 1976-77 and Rs.1,800 *per annum* from 1977-78 onwards. Government also decided in September 1977 that the State's grant to the members of the scheduled castes community should be restricted to the maximum of Rs.1,000 *per* family and subject to domicile of 15 years and possession of land of not more than 2 hectares. The assistance was modified in October 1980 to Rs.1,500 *per annum* for a family for purchase of blacksmithy tools, milch cow and bullock and to Rs. 2,000 *per* family for repair to house and Rs. 1,000 *per* family for other items.

AUDIT REPORT 1981-82

In all 10 schemes were implemented during 1976-77 to 1981-82 involving a total financial outlay of Rs. 12.06 lakhs and benefiting 1,108 members of the scheduled castes community. The details of the schemes implemented during each year along with the coverage and the expenditure incurred is shown in Annexure II.

It was noticed during Audit that the assistance required to be given under the various schemes was actually sanctioned and drawn during February-March in each year, beginning from 1977-78 to 1980-81, and were disbursed to the beneficiaries in subsequent months, delays ranging from 1 to 5 months. It could not be verified in Audit as to whether the disbursements were made after satisfying the conditions prescribed for granting assistance and whether the beneficiaries had not availed of any assistance for the same purpose on earlier occasions or under identical schemes implemented by other departments.

According to the Department, District Level Officers were required to make extensive inspections to ensure that the assistance provided to the beneficiaries were utilised for the purpose for which these were given. It could not, however, be ascertained in Audit whether such inspections were actually made, as reports of the officials were not made available.

The grants and assistance for economic betterment of the scheduled tribe community was introduced in the State only from 1980-81. Under the scheme, financial assistance, at the rate of Rs. 2,000 for the families of scheduled tribes, whose income level was below Rs. 6,000 *per annum* was granted for specific purpose, *viz.*, repair of dwelling houses for improvement (fencing, terracing) of agricultural land and grants to artisans. The beneficiaries were selected by a committee constituted for the purpose by the Government, who selected 206 beneficiaries out of 1,112 applicants during 1980-81, involving a total financial assistance of Rs. 4.12 lakhs. Sanction for

AUDIT REPORT 1981-82

the grants was accorded in March 1981 and payments were made in May 1981.

During 1981-82, Rs. 3 lakhs were paid as grants at the rate of Rs. 2,000 *per* family for repair and construction of houses (68), terracing and fencing (33) and purchase of bulls (49).

No records to indicate the utilisation of the grants received by the beneficiaries and follow-up report by the Department were made available to Audit. According to the Department, the District Level Officers were required to make extensive inspections to ensure that the assistance provided for the beneficiaries were utilised for the purpose for which those were given. It could not, however, be ascertained in Audit whether such inspections were actually made as reports of the officials were not made available for verification.

4. Special component plan for Scheduled Castes

Under Centrally sponsored scheme introduced in 1979-80 Special Central Assistance for improving the economic conditions of Scheduled Castes was required to be implemented by the State. Although there were 3,000 Scheduled caste families consisting of 17,000 people in the State, the special central assistance available under the scheme was not availed of by the State and no particular scheme was implemented upto March 1981. The reasons for non-implementation of the scheme were attributed to the distribution of the Scheduled castes in a scattered manner in State and lack of data for formulating the beneficiary oriented scheme under each component scheme, which rendered it difficult to undertake the scheme for Special Central Assistance for Scheduled castes.

5. Special Central Assistance for Tribal Sub-Plan

The Tribal Sub-plan aimed to bring about a rapid improvement in the economic and social standards of the tribal people, by electing specially developed compact areas for multi-aided

AUDIT REPORT 1981-82

development. The multi-aided developments were introduced from 1976-77 onwards. The scheme was implemented in the State from 1980-81 onwards.

Of the four districts in Sikkim, North District has a tribal population of 30,000 constituting 85 *per cent* of the District's population and about 30 *per cent* of the State's Tribal population. North District was, therefore, categorised as Tribal compact area for implementing tribal Sub-plan. The area gets rains for about 8 months in a year, which necessitated proper roofing of the dwelling houses. The traditional thatched roofing required constant change and affected the economic condition of the tribal people, especially the low income group. Therefore, a scheme called 'Rural Housing' was launched from 1980-81. A sum of Rs. 10 lakhs was received from the Government of India during 1980-81 under 'Rural Housing Scheme-Welfare of Scheduled Tribes- Welfare schemes of Tribal sub-plan'.

The Government accorded (March 1981) administrative approval and financial sanction for Rs.10 lakhs for the purchase of GCI sheets at the rate of 20 sheets each of 10' long for 410 deserving families of S.T. of tribal area in North Sikkim. Rs. 10 lakhs was allotted (May 1981) to the Chief Engineer, P.W.D Sikkim for supply of 8,200 pieces of GCI sheets of 10' long each. Upto February 1982, the P.W.D., Sikkim could supply only 130 pieces of GCI sheets against the total requirement of 8,200 pieces. Consequently, the S C & TWD decided (February 1982) to transfer the balance amount with the P.W.D., Sikkim to the Managing Director, State Trading Corporation of Sikkim for procuring 8,070 (8200—130) pieces of GCI sheets. The Chief Engineer, P.W.D., Sikkim was, therefore, requested (February 1982) to refund the balance amount after deducting the cost of 130 GCI sheets.

There was a provision of Rs. 5 lakhs in 1981-82 for the purchase of GCI sheets for distribution to 250 families under Rural

AUDIT REPORT 1981-82

Housing scheme of Tribal Sub-plan. The Government accorded (April 1982) administrative approval and financial sanction of Rs. 14.75 lakhs for the purchase of GCI sheets for distribution among the deserving tribal families, inclusive of Rs. 9.75 lakhs out of Rs. 9.80 lakhs refundable by the P.W.D., Sikkim. The P.W.D., Sikkim however, refunded Rs. 9.27 lakhs only in July 1982. The balance amount is still to be repaid (March 1983). On 8th April 1982, the Department placed an order with the State Trading Corporation of Sikkim for the supply of 143 M.T. of GCI sheets of 10' long at a total cost of Rs. 14.75 lakhs. An advance of Rs. 5 lakhs was also placed at the disposal of the State Trading Corporation of Sikkim.

Due to non-supply of the GCI sheets by the State Trading Corporation of Sikkim also, the Department decided (May 1982) to purchase the required GCI sheets from open market after inviting quotations. In response to the notice inviting quotations, nine suppliers quoted their rates. The Department accepted (June 1982) the rate of Rs. 16 *per* rft (24 gauge) quoted by 'A'. A lower rate (Rs. 15 *per* rft) quoted by another from 'B' for supplying the sheets with the same specifications had escaped notice of the Department due to its non-inclusion in the comparative statement. This resulted in an extra expenditure of Rs. 0.55 lakh on a total purchase of Rs. 10.19 lakhs.

The following points were noticed in test check :—

- (i) no comprehensive survey for the requirement of GCI sheets for roofing purposes in respect of deserving Scheduled Tribe families who were proposed to be brought under the scheme, was undertaken.
- (ii) the financial condition of the proposed beneficiaries as to whether they would be able to utilise the GCI sheets when supplied, for the specific purpose was not assessed by the Department.

AUDIT REPORT 1981-82

(iii) the scheme which was proposed to be implemented during 1980-81 and for which funds were drawn during the same year could not be implemented till September 1982.

(iv) delay in the implementation of the scheme had compelled the Department to dilute the original proposed assistance of 20 sheets *per* family to 15 sheets *per* family due to increase in the cost of GCI sheets.

(v) though according to the original proposal, 660 families (410 families in 1980-81 and 250 families in 1981-82) were to be benefitted, even at the reduced assistance of 15 sheets *per* family, only 417 families could be benefitted.

6. Survey and Evaluation

No economic survey was conducted and the needs of the S.C. and S.T. communities were not assessed before the schemes were formulated nor were annual targets fixed for achievements.

7. Other topics

The Moyal Liong Trust, Pemayangtse, West Sikkim, a registered organisation in the State of Sikkim, applied for aid for various types of activities to preserve the traditional arts, paintings and monuments of Sikkim, to renovate the historical sites of Sikkim *etc.* and for housing assistance for setting up such activities. The Trust submitted a plan for construction of a three storeyed building costing Rs. 6 lakhs at Pemayangtse. The Department has sanctioned (December 1980) Rs. 1.00 lakh and disbursed the same in January 1981. The following points were noticed in audit.

(i) The agreement incorporating the conditions formulated for granting aid was not obtained from the Trust.

(ii) Implementation of the project was not watched by calling for the progress reports. Spot inspection was also not conducted regularly by the department.

AUDIT REPORT 1981-82

(iii) No utilisation certificate was submitted by the Trust (March 1983). It was stated by the Department (March 1983) that the work was in progress.

Summing up

Seven schemes involving a total financial outlay of Rs. 46.76 lakhs were implemented during 1976-77 to 1981-82 for the welfare of scheduled castes and scheduled tribes.

Neither any survey of the needs of the scheduled caste and scheduled tribe communities were assessed before formulation of the schemes nor, any annual targets were fixed for implementation of the schemes/programmes.

Three schemes relating to Education were implemented at a cost of Rs.11.58 lakhs in the State. Out of 1,667 applications received from Scheduled caste and Scheduled tribe students for pre-matric scholarships during 1979-80 and 1980-81, scholarships were granted only to 815 applicants. The delays of 5 to 7 months in disbursing scholarships were noticed in test check. There were also delays in sanctioning the post-matric scholarships extending upto 10 to 11 months and further delay in actual disbursement. Relevant particulars regarding income declarations of the parent/guardian were not furnished in the application forms to decide the eligibility of the candidates. 2 Girls' hostels (estimated cost: Rs.4.45 lakhs) approved by the Central Government in December 1981 have not yet been constructed.

Ten schemes for economic uplift of scheduled castes were implemented during 1976-77 to 1981-82 involving a total financial outlay of Rs.12.06 lakhs, benefitting 1,108 members of the scheduled castes community. There were delays ranging from 1 to 5 months in disbursement of assistance to the beneficiaries. The scheme was extended to scheduled tribes in 1980-81; out of 1,112 applications received during the year, only 206 beneficiaries involving a total financial outlay of Rs. 4.12 lakhs

AUDIT REPORT 1981-82

were sanctioned as assistance. No records for utilisation of the grants by the beneficiaries and follow up report by the Department were available. Reports of District Level Officers, whether the assistance was utilised for the specific purposes, were also not available.

The special central assistance available under the centrally sponsored scheme introduced in 1979-80 was not availed of by the State and no particular scheme was implemented upto March 1981.

The Rural Housing Scheme under Tribal sub-plan, which was proposed to be implemented during 1980-81, could not be implemented till September 1982. No comprehensive survey for requirement of GCI sheets for roofing was undertaken. Delay in implementation of the scheme resulted in increase in the cost of GCI sheets; consequently, the number of beneficiaries was reduced to 417 families against the target of 660 families.

The matter was reported to the Government in December 1982; their final reply is awaited (April 1983).

AUDIT REPORT 1981-82

ANNEXURE I

Statement showing details of schemes implemented for the welfare of Scheduled Castes/Scheduled Tribes

Sl. No.	Name of Scheme	1976-77		1977-78		1978-79		1979-80		1980-81		1981-82		Total		
		No. of beneficiaries	Amount	No. of beneficiaries	Amount	No. of beneficiaries	Amount	No. of beneficiaries	Amount	No. of beneficiaries	Amount	No. of beneficiaries	Amount	No. of beneficiaries	Amount	
(amount in lakhs of rupees)																
1.	Pre-matric scholarships															
	S.C.	..	..	..	..	..	..	160	0.20	313	2.66	222	1.89	695	4.75
	S.T.	..	..	..	..	..	..	240	0.30	457	3.89	N.A.	N.A.	697	4.19
2.	Post-matric scholarships															
	S.C.	..	..	..	..	..	..	10	0.09	18	0.11	18	0.13	46	0.33
	S.T.	..	..	..	..	..	..	51	0.46	104	0.78	125	1.07	280	2.31
3.	Construction of Girls' Hostels	..	..	..	..	..	..	..	..	..	..	..	..	..	..
4.	Economic uplift	S.C.	172	1.47	155	1.46	348	3.48	145	1.45	170	2.20	118	2.00	1,108	12.06
		S.T.	..	..	..	..	..	..	..	206	4.12	150	3.00	356	7.12
5.	Special component plan for Scheduled Castes	..	..	..	..	..	..	..	..	..	..	N.A.	N.A.	..	..
6.	Special Central Assistance for Tribal Sub-plan Rural Housing Scheme	..	..	..	..	..	..	..	..	278	10.00	139	5.00	417	15.00
7.	Aid to Voluntary Organisations	..	..	..	..	..	..	..	..	1	1.00	N.A.	N.A.	1	1.00
	Total	172	1.47	155	1.46	348	3.48	606	2.50	1,547	24.76	772	13.09	3,600	46.76	

Note : N.A. indicates 'figures not available'.

AUDIT REPORT 1981-82

ANNEXURE II

<i>Year</i>	<i>Name of scheme</i>	<i>No. of beneficiaries</i>	<i>Amount (in thousands of rupees)</i>
1976-77	(i) Construction of houses	100	100
	(ii) Purchase of sewing machines	65	47
	(iii) Purchase of knitting machines	6	
	(iv) Purchase of blacksmithy tools	1	
		172		147
1977-78	(i) Construction of houses/purchase of blacksmithy tools	125	125
	(ii) Purchase of sewing machines	30	21
		155	146
1978-79	(i) Construction/repair of house	291	291
	(ii) Purchase of sewing machine	29	29
	(iii) Purchase of knitting machine	2	2
	(iv) Purchase of blacksmithy tools	16	16
	(v) Purchase of bullocks	1	1
	(vi) Running vegetable business	5	5
	(vii) Grant of S. C. fund	4	4
	348	348	

AUDIT REPORT 1981-82

1979-80	(i)	Construction/repair of house	122	122
	(ii)	Purchase of sewing machine	11	11
	(iii)	Purchase of Blacksmithy tools	5	5
	(iv)	Purchase of bulls	3	3
	(v)	Purchase of land	1	1
	(vi)	Purchase of leather	1	1
	(vii)	Purchase of knitting machine	1	1
	(viii)	Purchase of watch-repairing tools	1	1
			145	145
1980-81	(i)	Construction/repair of house	78	108
	(ii)	Purchase of blacksmithy tools	20	30
	(iii)	Purchase of sewing machine	25	25
	(iv)	Purchase of Bullock/Cow	25	35
	(v)	S.C. grants & other	22	22
			170	220
1981-82	(i)	Construction/repair of house	44	196
	(ii)	Purchase of Bull	39	
	(iii)	Purchase of sewing machine	33	
	(iv)	Registration of housing sites	2	4
			118	200

AUDIT REPORT 1981-82

Public Works Department

3.1.4 Arrears in collection of water rates

In para 3.2.5 of the Audit Report of the Government of Sikkim for the year 1978-79, mention was made that a sum of Rs. 0.76 lakh was pending recovery towards water charges from private and Government buildings. In its Fourth Report (March 1982), the Public Accounts Committee recommended the formation of a special revenue cell to realise the increasing arrears and also to provide necessary law to deal with defaulters and enforce collection of revenue. A special revenue cell was created (June 1982) but the posts have not been filled in so far (January 1983).

A scrutiny of the register of demands, collection and balances of the Public Works Department (June 1982) revealed that water tax amounting to Rs. 1.50 lakhs was outstanding on 31st March 1982. The category-wise details were as follows :—

<i>(in lakhs of rupees)</i>	
Private houses	0.81
State Government quarters	0.60
Central Government quarters	0.09
	<hr/>
Total	1.50
	<hr/>

The outstandings included Rs. 0.34 lakh not recovered from the consumers, who had vacated the quarters.

The department stated (January 1983) that they were making efforts to collect the arrears. No action has been taken to provide law to deal with defaulters and enforcement of collection.

3.1.5 Delay in adjustment of imprest advances and non-production of vouchers.

Imprest advances are allowed to the subordinate officers in the Public Works Department to make payments on muster

AUDIT REPORT 1981-82

rolls and meet other emergent expenses. The subordinate officer has to render account for adjustment of the advances, immediately after disbursements are made by them.

A scrutiny (June 1982) of the imprest registers of the Chief Engineer (Buildings) revealed that the following advances paid to the officers shown against each for the purposes indicated therein remained unadjusted, even as late as January 1983 :—

<i>Sl. No.</i>	<i>Officer to whom advance was given</i>	<i>Amount of advance</i>	<i>Purpose of advance</i>	<i>Vr. No. and date of advance</i>
1.	Assistant Engineer	Rs. 6,000	Purchase of Grill for M. L. A. Hostel	53 of 21.8.80
2.	Assistant Engineer	Rs. 5,000	Purchase of 2 nos. Godrej Almirahs for M. L. A. Hostel	52 of 18.2.81
3.	Assistant Engineer	Rs. 5,000	Inauguration of M. L. A. Hostel	22 of 7.3.81
4.	Assistant Engineer	Rs. 25,544	Payment of Muster Rolls	110 of 19.3.81
5.	Assistant Engineer	Rs. 2,097	Payment of wages to supervisory staff	90 and 91 of 27.2.81
6.	Assistant Engineer	Rs. 5,040	Payment of wages to supervisory staff	191 of 27.3.81
7.	Assistant Engineer	Rs. 35,952	Construction of Peacock aviary at Rumtek	353 of 31.3.81

AUDIT REPORT 1981-82

The Chief Engineer stated (January 1983) that the advance shown against sl.no. 4 paid in March 1981 has been adjusted in May 1982. The relevant adjustment vouchers and supporting documents could not be produced to Audit. In regard to cases mentioned against sl. nos. 5, 6 and 7 involving advance of Rs. 0.43 lakh, the Chief Engineer stated (January 1983) that vouchers have been received, but could not be produced to Audit. No reply was furnished in regard to items shown against sl. nos. 1, 2, and 3 although the advances were given as early as 1980-81.

Even in respect of advances for which adjustment is reported to have been made by the Chief Engineer, the relevant accounts were not received in the Accountant General's office in the months concerned.

Unusual delay in adjustment of advances given for purchases, payment of muster rolls, *etc.* and non-production of vouchers in regard to advances reported to have been adjusted, resulted not only in unauthorised cash retention by officer concerned, but also revealed flaw in rendering of accounts by the officers concerned.

Agriculture Department

3.1.6 Excess payment of Sales Tax.

According to the notification issued by the Government of Sikkim (June 1975), based on a notification of the Government of West Bengal, goods purchased from West Bengal would be exempted from the payment of Central Sales Tax and West Bengal Sales Tax till December 1975, provided that a certificate duly filled in and signed by an officer, authorised by the Chief Secretary, Government of Sikkim was furnished. The Government of Sikkim authorised Senior Sales Tax Officer to sign the certificate. This exemption was extended from time to time till

AUDIT REPORT 1981-82

December 1980, when the Government of West Bengal notified (9th December 1980) that the Central Sales Tax at 4 per cent would be leviable on sale of goods from West Bengal to Sikkim except in respect of certain categories, like wrist watches, clocks, time-pieces, motor parts, etc. on furnishing a certificate as mentioned above. This notification of the West Bengal Government was circulated to all departments by Income and Sales Tax Department of the Government of Sikkim who authorised (January 1981) the Secretary, Finance Department and the Joint Secretary to sign/countersign the prescribed certificate. The Agriculture Department purchased 1,135 tonnes of manure from firm 'A' in Siliguri, between February 1981 and March 1982 and on this item only Central Sales Tax at 4 per cent alone was chargeable, manure not falling under the excepted category, if the prescribed certificate was furnished. The Department did not furnish the requisite certificate for the payment of Central Sales Tax at reduced rate and tax amounting to Rs.2.90 lakhs was paid instead of Rs.1.16 lakhs payable at 4 per cent. Thus, the omission to furnish the prescribed certificate by the Director, resulted in incurring an extra and avoidable expenditure of Rs. 1.74 lakhs in respect of these transactions.

The matter was reported to the Government (October 1982): their reply is awaited.

Education Department

3.1.7 Sale of Text Books

Under a scheme formulated by the Department for distribution of text books, the District Education Officers were entrusted with the work of selling text books, purchased by the Department, to the school children. Besides, text books were also being sold through the Sikkim Consumers' Co-operative Society. During audit of the Department of Education (April-June 1982), it was noticed that an amount of Rs. 5.12 lakhs

AUDIT REPORT 1981-82

relating to the period from 1976-77 to 1978-79 on account of sale of text books had not been recovered from the Sikkim Consumers' Co-operative Society (Rs. 3.73 lakhs) and four District Education Officers (Rs. 1.39 lakhs).

The Sikkim Consumers' Co-operative Society stated (June 1980) that from the records available with them, their sale was only for Rs. 0.94 lakh as against Rs. 3.73 lakhs claimed by the Department. The Society also requested the Department (June 1980) to furnish the detailed lists of books with challans in support, the acknowledgements given by the Society and details of recommendation for free supply to the weaker sections *etc.* in order to reconcile the discrepancy. The Department asked the Society (July 1980) to fix a date for reconciliation of the discrepancy but neither the Society fixed any date nor the Department pursued the matter with the result that the discrepancy remained unreconciled (February 1983).

In regard to recovery of Rs. 1.39 lakhs due from District Education Officers, the Department stated (February 1983) that the dues could not be recovered from them as they were not required to collect the sale proceeds from schools and the heads of schools, after supply of books to the students either on credit or on cash were required to collect sale proceeds from the students and deposit the same directly in the State bank of Sikkim. As most of the headmasters/teachers could not recover cost of the books supplied to the students on credit, they could not deposit the money in the Bank. The Department further stated that efforts were being made to collect the dues from the concerned heads of schools. No action was taken by the Director of Education to ascertain sale of books and realisation of money from time to time.

In the absence of proper system to ensure sale of the books and crediting of realisations in time and as a result of lack of proper and timely action by the Department, an amount of Rs. 5.12 lakhs still remains outstanding since a long time, which is likely to become irrecoverable due to efflux of time.

AUDIT REPORT 1981-82

Finance Department

3.1.8 Outstanding Advances

According to the standing instructions of the Finance Department of the Government of Sikkim (May 1979) amounts can be drawn as advances for meeting expenditure on account of works to be done or purchases to be made by debit to the final head of expenditure. But the departments were enjoined to maintain a proper account of advances drawn and render detailed account supported by relevant vouchers to the Pay and Accounts Officer, Government of Sikkim, who after exercising necessary checks and keeping suitable notes in the relevant records, was to transmit the detailed bill supported by the vouchers to the Accountant General for scrutiny. It was, however, observed (November 1982) from the records of the Chief Pay and Accounts Officer, that no account had been rendered by any of the departments to Accountant General through the Pay and Accounts Officer, Sikkim and in respect of six departments, the total amount of such advances drawn to the end of March 1982 and not adjusted by the end of January 1983 worked out to Rs. 317.35 lakhs. The year-wise details of the advances are given below :—

Sl. No.	Name of the Department	1979-80	1980-81	1981-82
		(in lakhs of rupees)		
1.	Agriculture	46.26	18.27	58.11
2.	Animal Husbandry	43.90	28.49	31.83
3.	Sikkim Public works Department	1.04	1.86	15.75
4.	Medical	9.27	6.45	6.60
5.	Police	0.91	9.62	4.18
6.	Rural Development	1.32	0.37	33.12

An analysis of the advances indicated that in a large number of cases money was advanced as personal advances for

AUDIT REPORT 1981-82

purposes as tour, leave travel concession, medical advances *etc.* the accounts of which were expected to be rendered within a short period. The advances for other purposes include advances for execution of works, purchase of materials, payment on muster rolls, *etc.* The departmentwise details of personal and other advances as collected from the records of department are as follows :—

<i>Sl. No.</i>	<i>Name of department</i>	<i>Personal advances</i>	<i>Other advances</i>
		<i>(in lakhs of rupees)</i>	
1.	Agriculture	0.62	122.02
2.	Animal Husbandry	0.46	103.76
3.	Sikkim Public Works Department	0.13	18.52
4.	Medical	1.80	20.52
5.	Police	0.77	13.94
6.	Rural Development	0.10	34.71
	Total	3.88	313.47

The Chief Pay and Accounts Officer has not regularly pursued the adjustments of advances given to various departmental officers as prescribed in the rules.

The matter was reported to the Government in January 1983; their reply is awaited (February 1983).

Section II

Revenue Receipts

3.2.1 Trend of Revenue Receipts

The total receipts of the Government of Sikkim for the year 1981-82 were Rs. 39,19.09 lakhs as against the anticipated receipts of Rs. 39,73.81 lakhs. The total receipts during 1981-82 showed a decrease of Rs. 3.87 per cent over those in 1980-81 (Rs. 40,76.90 lakhs). Of the total receipts of Rs. 39,19.09 lakhs, revenue raised by the State Government amounted to Rs. 8,32.35 lakhs, of which Rs. 3,52.54 lakhs represent 'tax revenue' and the balance (Rs. 4,79.81 lakhs) 'non-tax revenue'. Receipts from the Government of India, (Rs. 30,86.74 lakhs) accounted for about 79 per cent of the total receipts during the year.

3.2.2 Analysis of Revenue Receipts

(a) An analysis of the receipts during 1981-82 alongwith the corresponding figures for the preceding two years is given below :—

	1979-80	1980-81	1981-82	Increase (+) Decrease (—) in 1981-82 with reference to 1980-81
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(In lakhs of rupees)

I. Receipts from Government of India—

(i) Statutory grants (Non-Plan) under proviso to Article 275(1) of the Constitution	6,33.51	9,54.95	8,31.91	(—) 1,23.04
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	1979-80	1980-81	1981-82	Increase (+) Decrease (—) in 1981-82 with reference to 1980-81
(ii) Block grants for State Plan Schemes	16,34.10	18,54.82	20,63.47	(+) 2,08.65
(iii) Grants for Centrally Sponsored Plan Schemes	3,47.29	4,17.32	1,79.38	(—) 2,37.94
(iv) Other Non-Plan grants	3.09	..	..	..
(v) Contribution on account of State's share of Union Excise Duty	8.00	7.90	11.98	(+) 4.08
Total	26,25.99	32,34.99	30,86.74	(—) 1,48.25
II. Revenue raised by the State Government—				
(i) Tax revenue	2,83.62	2,90.70	3,52.54	(+) 61.84
(ii) Non-tax revenue	3,73.14	5,51.21	4,79.81	(—) 71.40
Total	6,56.76	8,41.91*	8,32.35*	(—) 9.56
III. Total receipts of the State—				
I+II	32,82.75	40,76.90	39,19.09	(—) 1,57.81
IV. Percentage of I to III				
	80	79	79	

*For details please see Statement No. 10—Detailed Account of Revenue by Minor Heads in the Finance Accounts of Government of Sikkim, 1981-82.

AUDIT REPORT 1981-82

(b) Tax revenue raised by the State

Receipts from the tax revenue during 1981-82 constituted about 42.35 per cent of State's own revenue receipts. An analysis of the tax revenue for the year 1981-82 and for the preceding two years is given below :—

	1979-80	1980-81	1981-82	Increase (+) Decrease (—) in 1981-82 with reference to 1980-81	
(in lakhs of rupees)					
1. Taxes on Income other than Corporation Tax	30.74	28.39	37.30	(+)	8.91
2. Land Revenue	11.39	17.10	11.29	(—)	5.81
3. State Excise	1,62.61	1,58.08	1,91.74	(+)	33.66
4. Sales Tax	54.06	64.79	71.35	(+)	6.56
5. Taxes on Vehicles	5.99	6.61	7.65	(+)	1.04
6. Entertainment Tax	3.59	3.14	6.49	(+)	3.35
7. Other Receipts	15.24	12.59	26.72	(+)	14.13
Total	2,83.62	2,90.70	3,52.54	(+)	61.84

(c) Non-tax revenue of the State

Interest, Dividends from Public Undertakings, Hire-charges of machinery and equipment under Public Works, Power Projects and Road Transport Services were the principal sources of non-tax revenue of the State. Receipts from non-tax revenue during 1981-82 constitute about 57.65 per cent of the revenue

AUDIT REPORT 1981-82

raised by the State. An analysis of non-tax revenue for the year 1981-82 and the preceding two years is given below. —

	1979-80	1980-81	1981-82		
				Increase (+) Decrease (—)	
				in 1981-82 with reference to 1980-81	
	(in lakhs of rupees)				
1. Interest	38.74	43.65	42.84	(—)	0.81
2. Dividends from Public Under- takings	38.75	23.62	8.45	(—)	15.17
3. Hire charges of machinery and equipment	5.94	63.21	14.32	(—)	48.89
4. Power Projects	12.97	24.58	24.05	(—)	0.53
5. Road and water Transport Services	1,69.46	2,62.19	2,85.92	(+)	23.73
6. Others	1,07.28	1,33.96	1,04.23	(—)	29.73
Total	3,73.14	5,51.21	4,79.81	(—)	71.40

3.2.3 Cost of collection

The expenditure incurred on collection of receipts under the principal heads of revenue during the three years from 1979-80 to 1981-82 is given in Appendix 3.1.

3.2.4 Variation between budget estimates and actuals

a) The variation of Rs. 50.17 lakhs between budget estimates and the actuals during 1981-82 was made up of excess of

AUDIT REPORT 1981-82

Rs. 67.46 lakhs (23.7 per cent) in the tax revenue and short fall of Rs. 17.29 lakhs (3.5 per cent) in non-tax revenue. Comparative figures for the three years from 1979-80 to 1981-82 with percentage of variations are given below :—

	Year	Budget estimates	Actuals	Variation increase(+) decrease(—)	Percentage of variation
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(In lakhs of rupees)

A-Tax Revenue	1979-80	2,12.74	2,83.62	(+) 70.88	33.3
	1980-81	2,76.40	2,90.70	(+) 14.30	5.2
	1981-82	2,85.08	3,52.54	(+) 67.46	23.7
B-Non-tax Revenue	1979-80	4,34.06	3,73.14	(—) 60.92	14.0
	1980-81	5,05.33	5,51.21	(+) 45.88	9.1
	1981-82	4,97.10	4,79.81	(—) 17.29	3.5

(b) Variation between budget estimates and actuals under the principal heads of revenue are given below :—

Head of revenue	Year	Budget estimates	Actuals	Variation increase (+) decrease (—)	Percentage of variation
-----------------	------	------------------	---------	-------------------------------------	-------------------------

(In lakhs of rupees)

1. Taxes on Income other than Corporation Tax	1979-80	16.00	30.74	(+) 14.74	92.1
	1980-81	18.00	28.39	(+) 10.39	57.7
	1981-82	20.00	37.30	(+) 17.30	86.5
2. Land Revenue	1979-80	3.43	11.39	(+) 7.96	232.1
	1980-81	3.95	17.10	(+) 13.15	332.9
	1981-82	5.75	11.29	(+) 5.54	96.3

AUDIT REPORT 1981-82

Head of revenue	Year	Budget estimates	Actuals	Variation increase (+) decrease (—)	Percentage of variation
-----------------	------	------------------	---------	-------------------------------------	-------------------------

(In lakhs of rupees)

3. State Excise	1979-80	1,12.97	1,62.61	(+) 49.64	43.9
	1980-81	1,60.00	1,58.08	(—) 1.92	1.2
	1981-82	1,74.40	1,91.74	(+) 17.34	9.9
4. Sales Tax	1979-80	39.86	54.06	(+) 14.20	35.6
	1980-81	50.00	64.79	(+) 14.79	29.6
	1981-82	53.50	71.35	(+) 17.85	33.4
5. Taxes on Vehicles	1979-80	6.36	5.99	(—) 0.37	5.8
	1980-81	6.40	6.61	(+) 0.21	3.3
	1981-82	6.98	7.65	(+) 0.67	9.6
6. Entertainment Tax	1979-80	3.50	3.59	(+) 0.09	2.6
	1980-81	4.25	3.14	(—) 1.11	26.1
	1981-82	4.25	6.49	(+) 2.24	52.7
7. Interest	1979-80	40.78	38.74	(—) 2.04	5.01
	1980-81	45.00	43.65	(—) 1.35	3.00
	1981-82	40.00	42.84	(+) 2.84	7.1
8. Dividends from Public Undertakings	1979-80	14.31	38.75	(+) 24.44	170.8
	1980-81	39.00	23.62	(—) 15.38	39.4
	1981-82	39.00	8.45	(—) 30.55	78.3
9. Hirecharges of Machinery and Equipment	1979-80	12.00	5.94	(—) 6.06	50.5
	1980-81	16.00	63.21	(+) 47.21	295.1
	1981-82	10.00	14.32	(+) 4.32	43.2
10. Power Projects	1979-80	12.70	12.97	(+) 0.27	2.1
	1980-81	18.00	24.58	(+) 6.58	36.6
	1981-82	36.00	24.05	(—) 11.95	33.2
11. Road and Water Transport Services	1979-80	2,03.00	1,69.46	(—) 33.54	16.5
	1980-81	2,05.00	2,62.19	(+) 57.19	27.9
	1981-82	2,40.00	2,85.92	(+) 45.92	19.1

AUDIT REPORT 1981-82

Variation between the Budget estimates and actuals for 1981-82 were more than 10 per cent under the following heads of revenue :—

<i>Heads of revenue</i>	<i>Variation increase(+)/ decrease(—)</i>	
		<i>(in lakhs of rupees)</i>
1. Taxes on Income other than Corporation Tax	(+)	17.30
2. Land Revenue	(+)	5.54
3. Sales Tax	(+)	17.85
4. Entertainment Tax	(+)	2.24
5. Dividends from Public Undertakings	(—)	30.55
6. Hire charges of Machinery and Equipment	(+)	4.32
7. Power Projects	(—)	11.95
8. Road and Water Transport Services	(+)	45.92

The reasons for variation under entertainment tax (Rs. 2.24 lakhs) were stated to be due to revision of rates of entertainment tax with effect from August 1981.

The variation of Rs. 45.92 lakhs under 'Road and Water Transport Services' was attributed by the department to revision of passenger fare and freight charges and realisation of arrears during the year

Reasons for variation in respect of the other heads of revenue are awaited from the respective departments (April 1983).

AUDIT REPORT 1981-82

3.2.5. Arrears in assessment of Sales Tax

The arrears in assessment of Sales Tax at the end of 1981-82 and the preceding two years are given below :—

<i>Year</i>	<i>Arrear cases pending at the beginning of the year</i>	<i>Current cases</i>	<i>Total number of cases due for assessment</i>	<i>Number of cases actually assessed</i>	<i>Number of pending cases</i>	<i>Percentage of pending cases to total number of cases</i>
1979-80	140	350	490	200	290	59.18
1980-81	290	360	650	324	326	50.15
1981-82	326	410	736	350	386	52.45

(Figures are as furnished by the department)

The reasons for increase in the number of pending cases were adduced to the paucity of staff. It was further stated by the department (January 1983) that only two officers were deployed for assessment during the above period and proposal for creation of supporting staff had been put up to Government.

The year-wise break-up of the pending cases as on 31st March 1982 is given below :—

1979-80	90
1980-81	136
1981-82	160

3.2.6. Taxation measures

No new taxes were introduced in the year at the Budget stage. The rates of Entertainment Tax were, however, raised with effect from 1st August 1981 as indicated below :—

<i>Class of accommodation</i>	<i>Admission rate</i>	<i>Old rate of Entertainment tax</i>	<i>New rate of Entertainment Tax with effect from 1st August 1981</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
(i) Dress Circle	2.40	0.60	1.80
(ii) Balcony	1.80	0.45	1.35
(iii) First Class	1.40	0.35	0.85
(iv) Second Class	1.00	0.12	0.50
(v) Third Class	0.50	0.06	0.20

AUDIT REPORT 1981-82

3.2.7 Outstanding Inspection Reports

(a) Audit observations on irregularities and defects in assessment, demand and collection of state receipts noticed during local audit are intimated through inspection reports to the departmental officers and heads of departments and to Government where necessary. The points mentioned in the reports are to be settled as expeditiously as possible by revising assessments already made and demanding additional tax where necessary.

At the end of April 1983, 18 inspection reports (containing 124 paragraphs—money value of objections : Rs. 64.23 lakhs) were more than three years old. In respect of 14 inspection reports issued between September 1976 to March 1982 even the initial replies had not been sent to Audit (April 1983).

Year-wise analysis of the outstanding inspection reports and paragraphs is indicated below :—

Year	Reports in respect of which even initial reply had not been furnished			Others			Total		
	Num-ber of re-ports	Num-ber of para-graphs	Money value of the objec-tions (in lakhs of ru-pees)	Num-ber of re-ports	Num-ber of para-graphs	Money value of the objec-tions (in lakhs of rupees)	Num-ber of re-ports	Num-ber of para-graphs	Money value of the objec-tions (in lakhs of rupees)
1976-77	3	23	11.87	—	—	—	3	23	11.87
1977-78	2	8	2.80	1	10	19.18	3	18	21.98
1978-79	—	—	—	3	10	7.63	3	10	7.63
1979-80	7	57	16.86	—	—	—	7	57	16.86
1980-81	—	—	—	—	—	—	—	—	—
1981-82	2	16	5.89	—	—	—	2	16	5.89
Total	14	104	37.42	4	20	26.81	18	124	64.23

The following are some of the more important objections noticed in audit conducted in the various offices during 1981-82.

AUDIT REPORT 1981-82

Excise Department

3.2.8 Short-levy of excise duty on beer

The Government of Sikkim by a Notification of May 1980 revised the rate of excise duty on beer imported into Sikkim from other States to 60 paise *per* bottle w.e.f. 1st June 1980 from 50 paise *per* bottle prevalent earlier. As the rate of duty prevailing in the neighbouring States on all liquors including beer were very much higher than those in Sikkim, the Government by a Notification (January 1981) increased the rates of excise duty on all brands of India made foreign liquors by 40 *per cent* w.e.f. 16th March 1981. It was, however, seen in audit (July 1982) that though the increased rate of duty was applicable to all Indian made foreign liquors it was not applied to "beer" imported from other States to Sikkim. During the period from 16th January 1981 to 31st March 1982, 10,17,200 bottles of beer were imported from the other States to Sikkim. The omission to apply the increased rate of excise duty leviable on imported beer resulted in a loss of revenue of Rs. 2.44 lakhs calculated 24 paise *per* bottle. On this being pointed out (July 1982) in audit, Government subsequently issued (October 1982) a notification excluding beer from the applicability of increased rates, though the basis on which increase in excise duty was notified in respect of other categories of Indian made foreign liquors, applied equally in the case of beer also.

The case was reported to Government in July 1982; their reply is awaited (April 1983).

Income and Sales Tax Department

3.2.9 Non realisation of Income tax

The Indian Income-tax Act has not so far been extended to the State of Sikkim. The Sikkim Income-tax law continues to be in force by virtue of Article No. 371 P(k) of the Constitution of India. The Sikkim law is contained in the Sikkim State

AUDIT REPORT 1981-82

Income-tax Manual 1948, as amended by subsequent notifications upto 26th April 1975, the date of merger. According to this Manual, income-tax was chargeable on all salaries received by employees of the Government of Sikkim. A subsequent notification dated 21st April 1970 extended the levy to "Salaries received either from the services rendered to the Sikkim Government or to any private individual, firm or companies". In the absence of any exemption in favour of employees of Central public sector undertakings in Sikkim, salaries received by such employees are taxable under the aforesaid notifications.

It was, however, noticed in the course of audit that no income-tax is recovered from the employees of the State Bank of India, Life Insurance Corporation, General Insurance Corporation and similar other undertakings operating in the State, entailing a substantial loss of revenue to the State exchequer. In the absence of any details of such employees the exact amount of revenue loss could not be worked out.

3.2.10 Allowance of exemption of sales tax without proper evidence.

Sales tax is levied in Sikkim in terms of notification No. 713-500/ST dated 28th March 1982. According to this notification, tax is leviable on all goods intended for sale in Sikkim, with the exception of those specified in the schedule appended to the notification, at a rate of 5 *per cent*. A subsequent notification dated 28th October, 1974 lays down that in respect of sales to the Departments of the Government of Sikkim, sales tax shall be deducted at source. According to this notification the dealers should charge sales tax separately in the bills for supplies made to the State Government departments and the sales tax so charged shall be deducted towards recovery of sales tax from the bills and paid to the Income and Sales Tax Department by the buyer departments. In the annual assessment to sales tax of such dealers such supplies to Government departments would

AUDIT REPORT 1981-82

not be subjected to further tax. The notification did not, however, lay down any procedure for the sales tax department to verify at the time of assessment that sales stated to have been made to State Government departments were in fact such sales.

A scrutiny by Audit (October 1982) of the records of two District Offices of the Sales Tax Department showed that in eight cases the dealers had claimed exemption from tax in respect of substantial amounts of their turnover on the ground that such turnover represented sales to Government departments on which sales tax had been deducted at source. The assessing officers had allowed such claims in full without any verification. The total turnover so exempted in these cases in the years 1978-79 to 1981-82 came to Rs. 84.61 lakhs.

The assessment records did not give any details such as the departments to which supplies were made, particulars of supplies and of tax deducted at source, *etc.* In the absence of such details it could not be established that the exemptions allowed were truly confined to the sales made to State Government departments.

The matter was referred to the department and their reply is awaited (April 1983).

3.2.11 Short recovery of Sales tax

According to a notification (October 1971) of Income and Sales Tax Department, Government of Sikkim, sales tax at five paise *per* rupee is leviable on sale of kerosine, with effect from October 1971 (4th October 1971).

During audit (September-October 1982) of Income and Sales Tax Department, it was noticed that two firms sold 35,53,498 and 5,46,992 litres of kerosine during the assessment years 1975-76 to 1981-82 respectively at rates fixed from time to time by the Food and Civil Supplies Department. In both these cases, sales tax was assessed by the Department on purchase prices, instead of on sale price. This resulted in short-levy of tax to the extent of Rs. 0.87 lakh.

The matter was referred to the Government (October 1982); their reply is awaited (April 1983).

AUDIT REPORT 1981-82

Department of Local Self Government

3.2.12 Loss of Revenue

The Sikkim Cinemas (Regulation) Act, 1978 in force in the State from 1st April 1979 and provided for the licensing of cinemas, did not contain any provision for the imposition of amusement tax on cinemas in Sikkim. Amusement tax was, however, being realised from the licensees as per terms of licences issued every year. At the instance of Audit, the Department proposed (June 1979) promulgation of an Ordinance, to rationalise the system of realisation of amusement tax and also to clothe it with legal validity. When the proposed Ordinance was referred to the Law Department, it was pointed out by that department that the law on the subject could be effectively implemented only after rules containing, *interalia*, the rates of tax were notified. The Law Department, therefore, suggested (July 1979) that a bill may be brought before the Legislative Assembly which was expected to be held in the mid August 1979 and the intervening period may be used to frame rules which could then be notified as soon as the bill was enacted. Because of the dissolution of the State Assembly in August, 1979, the bill could not be enacted into law till September 1980. Even by then the rules had not been framed by the department. The Act could not, therefore, be brought into effect immediately.

The department took another ten months to frame the rules which were published in July 1981 providing, *interalia*, new rates of entertainment tax effective from 1st August 1981. In the meanwhile entertainment tax on sale of tickets in the two cinema halls in the State, continued to be realised at the old rates.

This inordinate delay on the part of the department to frame rules and to give effect to the Act resulted in a loss of revenue of Rs. 5.04 lakhs, calculated on the difference between the new and old rates of entertainment tax, on the sales of tickets during October 1980 to July 1981.

The matter was referred to the Government (October 1982), their reply is awaited (April 1983).

AUDIT REPORT 1981-82

Section III

Government Commercial and Trading Activities

3.3.1 General

This section deals with the Statutory Corporations, Companies in which Government has invested funds and departmentally-managed commercial undertakings.

3.3.2 Introduction

As on 31 st March 1982, there were eight Statutory Corporations/Companies and a Bank in the State with an aggregate investment of Rs. 2,42.57 lakhs by Government as detailed below :—

		<i>Incor- porated in</i>	<i>Paid-up capital as on 31st March 1982</i>	<i>Govern- ment invest- ment</i>
<i>(Rupees in lakhs)</i>				
(i)	Sikkim Mining Corpora- tion	February 1960	57.35	49.25
(ii)	State Trading Corpora- tion of Sikkim	March 1972	19.00	19.00*
(iii)	Sikkim Jewels Limited	June 1972	7.67	4.10
(iv)	Sikkim Time Corporation Limited	October 1976	40.00	40.00
(v)	Sikkim Livestock Develop- ment Corroration Limited	November 1976	6.00**	6.00*
(vi)	Sikkim Industrial Develop- ment and Investment Corporation Limited	March 1977	51.30	51.30
(vii)	Sikkim Flour Mills Limited	June 1980	58.00	58.00
(viii)	Sikkimilk	July 1980	1.92	1.92
(ix)	State Bank of Sikkim	June 1968	20.38	13.00
	Total		2,61.62	2,42.57

* Figures as per Finance Accounts were Rs. 11 lakhs Rs. 22 lakhs respectively. The differences are under reconciliation.

** As per the accounts for the year ended July 1978.

AUDIT REPORT 1981-82

3.3.3 Arrears in accounts

Two companies had finalised their accounts for 1981-82. The accounts of six Companies and the Bank were in arrears (February 1983) and the extent of arrears is indicated in Appendix 3.2. The position of arrears in preparation of accounts was last brought to the notice of the Government in January 1983.

3.3.4 Return on investments

During 1981-82, Government received dividend of Rs. 4.28 lakhs on its investments (Rs. 2,42.57 lakhs) in the share capital of 9 Government Corporations/ Companies *etc.*

A synoptic statement showing the summarised financial results of the Corporations/Companies on the basis of the latest available accounts is given in Appendix 3.3.

3.3.5 Departmentally-managed commercial undertakings

As on 31st March 1982, there were four departmentally-managed commercial undertakings in the State as under:—

- (i) Sikkim Nationalised Transport
- (ii) Government Fruit Preservation Factory
- (iii) Wood Working Centre; and
- (iv) Sikkim Tea Board (Temi Tea Estate)

The accounts for 1981-82 of Sikkim Nationalised Transport and Sikkim Tea Board are in arrears and those of Wood Working Centre were in arrears since inception. The position of arrears in preparation of accounts was brought to the notice of Government (January 1983).

A synoptic statement showing the working results of the undertakings based on the latest accounts made available is given in Appendix 3.4.

3.3.6 Government Fruit Preservation Factory

1. Introduction

Government Fruit Preservation Factory as a commercial undertaking was established in 1956 at Singtam by the erstwhile Sikkim Durbar with an initial investment of Rs. 1.00 lakh. From October 1962 to September 1965 the management of the Factory was entrusted on lease to a private limited Company. From October 1965, the management of the Factory was reverted to the Durbar.

2. Organisational set-up

The Factory is managed by a Board of Control nominated by the State Government and is headed by a Chairman (a member of the Legislative Assembly of the State). The General Manager is the executive head of the Factory.

3. Objects

The Factory is situated in the out-skirts of Singtam town in the heart of the predominantly orange growing areas of the State to function as an agro-based industry. With a view to ensuring reasonable prices to the orange growers, the entire procurement is channelised through the Co-operative Societies which had membership of orange growers.

The Factory processes fruit and preserves the processed fruit. As a measure of diversification, the Factory started bottling 'sip-up', a carbonated beverage (1979-80), and processing guava (1980-81) and extracting orange oil (November 1981). To keep the Factory in operation during lean season (March to September) it started (1958) processing of various other fruits like Pineapples, peaches, plums, apples, etc. grown in and around the State.

4. Capital Structure

The funds required by the Factory were provided by Government from time to time and the total amount provided as on 31st March 1982 was Rs.97.46 lakhs.

AUDIT REPORT 1981-82

In addition, the Factory also met its capital requirements by raising loans, although no specific directive from the Government existed for raising such loans. The amount outstanding as on 31 st March 1982 was as under:—

(Rupees in lakhs)

Cash credit from State Bank of Sikkim	12.98
Interest : 10 per cent per annum)	
Unsecured loan from Sikkim Industrial Development and Investment Corporation Limited	5.00
(Interest : 9.5 per cent per annum)	
	<hr/>
	17.98
	<hr/>

5. Working results

The working results of the Factory resulted in a profit of Rs. 0.63 lakh in 1978-79, Rs. 0.64 lakh in 1979-80 and Rs. 1.83 lakhs in 1981-82, However, the Factory incurred a loss of Rs. 18.20 lakhs in 1980-81.

Profit of Rs. 6.50 lakhs earned by the Factory up to 1979-80, was deposited in Government account.

The loss of Rs. 18.20 lakhs in 1980-81 was attributed by the Management (March 1982) mainly to (i) purchase of non-levy sugar at a higher price from open market during 1980-81 as the annual quota of levy sugar was not sufficient to meet the annual requirements of the Factory (extra expenditure involved was Rs. 5.70 lakhs), (ii) under-recovery of overheads owing to processing of 323 tonnes of oranges in 1980-81 against 723 tonnes processed in 1979-80 due to crop failure and (iii) the finished products in 1980-81 having been priced at rates applicable in the previous year in spite of 17 per cent escalation in the cost of inputs during 1980-81.

AUDIT REPORT 1981-82

The loss, as analysed in audit (March 1982) was due to disproportionate increase in the manufacturing and other expenses as compared to increase in overall production. Against an increase of two *per cent* in production in 1980-81 as compared to 1979-80, the manufacturing cost had increased by 44 *per cent* (Rs. 9.98 lakhs) packing and forwarding charges by 29 *per cent* (Rs. 5.14 lakhs), administrative expenses by 30 *per cent* (Rs. 1.67 lakhs) and selling expenses by 39 *per cent* (Rs. 0.99 lakh).

6. Operational performance

The Factory procures pine-apple, peach, plum, mango, guava and other fruits in addition to orange and processed them into slices, jams *etc.* besides various orange preparations (juice, squash, segments, marmalade, jam, pulp, concentrate and oil).

The capacity of the processing plant was assessed during the Durbar period at 1000 tonnes *per annum* which was raised to 2600 tonnes *per annum* with the commissioning of polycitrus plant (November 1981). The operational performance of the plant against its installed capacity during the 3 years up to 1981-82 is indicated in the table below :—

<i>Year</i>	<i>Installed capacity</i>	<i>Production achieved</i>	<i>Percentage of capacity utilisation</i>
		(Tonnes)	
1979-80	1000	550.34	55
1980-81	1000	567.20	57
1981-82	2500	989.80	39.60

The under-utilisation of the installed capacity was attributed by the Management (August 1980) to worn out machinery resulting in lower recovery rate of juice, obsolete technology and absence of more exhaustive study for full utilisation of the installed capacity.

However, the Management had not yet (April 1983) assessed the derated attainable capacity of the worn-out plant.

The Factory had no targets of production and product-wise budget up to 1979-80. Except for orange it had no details of fruit procured till 1979-80.

AUDIT REPORT 1981-82

The table below summarises the procurement of fruit and the production achieved against the targets (wherever available) for the 3 years up to 1981-82.

Year	Consumption of raw materials			Production	Percentage of produc- tion to target	
	Orange	Other fruits	Sugar	Target Actual		
	(Tonnes)			(Tonnes)		
1979-80	723	NA	137	NA	550	...
1980-81	323	422	240	1080	567	53
1981-82	657	510	306	1184	1044	88

No norms had been fixed for consumption of fruit for obtaining final products.

The non-availability/irregular supply of containers was also a constraint for production. The Factory had not assessed its annual requirements of cans for making forward planning schedule for quarterly/monthly procurement.

7. Credit control

Most of the sales were effected from the Factory premises itself. It had been supplying its products to Indian Airlines, Air India and Defence Services on credit. It had also appointed three sole selling agents in Bombay, Delhi and Agra. The basis of appointment of the selling agents was not made available. It was stated by the Management (March 1982) that they had been appointed on mutual consent basis without executing any agreement. The terms and conditions specified only the commi-

AUDIT REPORT 1981-82

commission and promotional expenses payable. The rates of commission etc. payable were as follows:—

	<i>Rate payable as percentage of sales at</i>		
	<i>Bombay</i>	<i>Delhi</i>	<i>Calcutta</i>
	<i>(per cent)</i>		
Commission	5	7.5	5
Promotional Expenses	3	2.5	2.5

No minimum business had been guaranteed by the agents. Only, in case the sales in a year exceeded Rs. 10 lakhs, bonus commission of two per cent was paid to the agent on sales realisation exceeding Rs. 10 lakhs.

The table below summarises the position of sales and debts there-against for the 4 years up to 1981-82.

<i>As on</i>	<i>Debtors</i>	<i>Sales during the year</i>	<i>Percentage of Debtors to sales</i>
<i>31st March</i>			
<i>(Rupees in lakhs)</i>			
1979	5.96	34.20	17.4
1980	11.61	45.45	25.5
1981	8.32	59.90	13.9
1982	7.53	90.81	8.3

The yearwise break-up of the debts as on 31st March 1982 is given below ;—

<i>Year to which pertain</i>	<i>Amount</i>
	<i>(Rupees in lakhs)</i>
1977-78	0.21
1978-79	0.59
1979-80	0.09
1980-81	1.79
1981-82	4.85
	7.53

AUDIT REPORT 1981-82

No effective steps had been taken by the Factory to realise the outstanding debts.

The Management could not substantiate its claim for debts amounting to Rs. 0.25 lakh owing to improper maintainance of records which led to writing off of the amount of Rs. 0.25 lakh in 1980-81 as bad debts.

The agent at Bombay was doing merely liaison work. The commission and promotional expenses at five *per cent* and three *per cent* respectively on the value of orders procured were being paid, while the other works such as delivery of products to, raising the bills, receiving the drafts from the customers etc. were done by the Factory staff at Sikkim. The commission and promotional expenses paid to the agent at Bombay during the three years upto 1980-81 were as under:—

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
(i) Commission paid	0.65	0.82	0.86
(ii) Payment towards promotional expenses	0.25	0.52	0.52
Total	0.90	1.34	1.38

The Management stated (March 1982) that a proposal to have its own office in Bombay was under consideration and that an accommodation to house the sales office in Bombay had been reserved on payment (June 1980) of an advance (Rs. 2.19 lakhs against the total amount payable, Rs. 7.12 lakhs). However, no sales office had been established so far (April 1983).

8. Budget and Budgetary Control

The Factory prepared a budget of its revenue and capital expenditure but no Master budget in respect of materials, cash, production, plant utilisation, labour, overhead cost, etc. was being prepared.

AUDIT REPORT 1981-82

The National Productivity Council (NPC) in its report (December 1981) on productivity improvement of the Factory, had recommended introduction of flexible budgetary control with budget variances to be reported to the Board of Control and the Directorate of Industries.

The Factory had not introduced the system so far (April 1983).

9. Costing System

The Factory had not introduced any system of costing for analysing various elements of cost and preparing cost sheet for effective cost control. The NPC report specified adoption of process costing, maintenance of cost records and preparation of cost estimate in the absence of standard costing system. The NPC had also recommended codification of cost accounts by assigning specific number to products and work orders. The system was expected to provide a sound base for pricing, cost monitoring and evaluation of the overall performance.

The Factory had not introduced the system so far (April 1983).

10. Other Recommendations of National Productivity Council

The report of the NPC (December 1981) indicated some major handicaps such as the location of the Factory being far away from main centres of business and its being an agro-based seasonal industry. The report *interalia* included the following recommendations:—

- (i) Production should increase to utilise full capacity,
- (ii) Improvement of working capital resources,
- (iii) Formulation of more aggressive marketing strategies,
- (iv) Introduction of more systematic costing system to devise realistic pricing policies,

AUDIT REPORT 1981-82

(v) Streamlining of the layout of Factory to reduce handling and processing expenses *etc.* and

(vi) Evolving measures for improving fuel efficiency.

The Management stated (March 1982) that the recommendations of NPC were under consideration of the Board of Control.

11. Other topics of interest

(a) Leave encashment/bonus

The Factory had been paying bonus (8.33 *per cent per annum*) and encashment of leave (in respect of unenjoyed portion of leave limited to 30 days annual leave) following the earlier practice and norms. No orders in this regard had been issued by Government.

(b) Re-imbusement of medical expenses/travelling expenses

In the absence of any regulations/rules, the medical expenses incurred and hotel expenses including all contingent expenditure incurred while on tour were being reimbursed to the staff. The Management stated (March 1982) that the State Travelling Allowance Rules had not been made applicable to the Factory and also the payment of bonus, medical re-imbusement and leave encashment were as per the practice and norms followed earlier.

(c) Service books

Service books had not been maintained for the staff of the Factory (April 1983).

(d) Advances to staff

The Factory had been paying advance of pay to the staff to accommodate personal needs and the amount was recovered in subsequent periods. There were instances of payment of such advances of pay to the same persons more than once in a year. Neither the State Government rules were followed, nor was there a special regulation in this regard.

AUDIT REPORT 1981-82

(e) Payment to the Chairman of the Board of Control

According to the orders of the Board (September 1981), the Chairman was allowed payment up to Rs.2,800 *per* month in the nature of re-imburement of expenditure to be incurred by him on specified items (expenditure on petrol, oil and lubricants : Rs. 1,300, travelling expenses on tour within Sikkim :-Rs.-500, expenditure on Personal Assistant : Rs. 400, miscellaneous expenditure : Rs. 600). On this basis he was eligible to the maximum payment of Rs. 0.22 lakh in the 8 months period from July 1981 to February 1982, but a sum of Rs. 0.67 lakh had been allowed to be drawn by the Chairman in contravention of the Board's decision. The advances allowed had not been regularised so far (March 1982) by production of bills supported by vouchers/documents in support of actual expenditure or by recovery.

The matter was reported to Government in April 1982; reply is awaited (April 1983).

Section IV

Financial Assistance to Local Bodies and Others

4.1 Non-receipt of Utilisation Certificates.

According to Rule 115 of the Sikkim Financial Rules, the department sanctioning grants-in-aid should obtain certificates from the grantees concerned regarding utilisation of the grant and forward them to Audit duly countersigned by them, after satisfying themselves about the utilisation of the grant for the purpose intended for. No such utilisation certificates have been submitted so far by the various departments though the grants were continued to be sanctioned year after year by them. In respect of Ecclesiastical department, utilisation certificates for a total grant of Rs. 33.12 lakhs sanctioned and paid during 1976-77 to 1981-82 are still awaited (March 1983), the year-wise analysis of which is given below:—

AUDIT

<i>Year</i>	<i>Minor works</i>		<i>Major</i>
	<i>No. of cases</i>	<i>Amount</i>	<i>No. of cases</i> (<i>Amount</i>)
1976-77	9	0.47	3
1977-78	13	1.28	10
1978-79	43	1.72	8
1979-80	17	1.20	9
1980-81	6	0.92	9
1981-82	12	0.52	6
Total	100	6.11	45

REPORT 1981-82

<i>works</i> <i>Amount</i>	<i>Other grants</i>		<i>Total</i>	
	<i>No. of cases</i>	<i>Amount</i>	<i>No. of cases</i>	<i>amount</i>
<i>in lakhs of rupees)</i>				
0.70	5	0.34	17	1.51
4.90	19	0.64	42	6.82
5.38	17	0.45	68	7.55
5.13	13	0.44	39	6.77
5.19	12	0.49	27	6.60
2.74	8	0.61	26	3.87
<hr/> 24.04 <hr/>	<hr/> 74 <hr/>	<hr/> 2.97 <hr/>	<hr/> 219 <hr/>	<hr/> 33.12 <hr/>

AUDIT REPORT 1981-82

In respect of Local Self Government and Education Departments, utilisation certificates for Rs. 40.20 lakhs and Rs. 30.82 lakhs respectively for grants sanctioned and paid upto 1981-82, were still awaited (March 1983) (year-wise and category-wise details were not available). There was no regular and proper system for watching utilisation certificates in the departments.

The matter was reported to the Government in January 1983; their reply is awaited (March 1983).

GANGTOK,

The 3 FEB 1984

A. K. Deb

(A. K. DEB)

Accountant General, Sikkim

Countersigned

Gian Prakash

NEW DELHI,

The 14 FEB 1984

(GIAN PRAKASH)

Comptroller and Auditor General of India

AUDIT REPORT 1981-82

APPENDIX 1.1

Analysis of Revenue Receipts

(Reference : paragraph 1.3, Page 3)

	Receipts 1980-81	1981-82	Increase (+) Decrease (—)
(In lakhs of rupees)			
(a) Receipts from the Government of India			
(i) Statutory grants (Non-Plan under proviso to Article 275 (1) of the Constitution)	9,54.95	8,31.91	(—) 1,23.04
(ii) Block grants for State Plan Schemes	18,54.82	20,63.47	(+) 2,08.65
(iii) Grants for Centrally Sponsored Plan Schemes	4,17.32	1,79.38	(—) 2,37.94
(iv) Other Non-Plan grants	..	..	..
(v) Contribution on Account of State's share of Union Excise Duty	7.90	11.98	(+) 4.08
Total (a)	32,34.99	30,86.74	(—) 1,48.25
(b) Revenue raised by the State Government			
(i) State's Tax Revenue	2,90.70	3,52.54	(+) 61.84
(ii) Other Non-Tax Revenue	5,51.21	4,79.81	(—) 71.40
Total (b)	8,41.91	8,32.35	(—) 9.56
Grand Total (a) +(b)	40,76.90	39,19.09	(—) 1,57.81

AUDIT REPORT 1981-82

<i>Sector of expenditure</i>	<i>A. Plan Expenditure (including Budget estimates Budget plus supplementary)</i>	
	<i>(in lakhs of rupees)</i>	
A. General Services	41.15	41.15
B. Social and Community Services	273.20	321.70
C. Economic Services		
(i) General Economic Services	26.10	26.10
(ii) Agriculture and Allied Services	711.35	718.35
(iii) Industry and Minerals	79.15	81.17
(iv) Water and Power Development	22.00	23.12
(v) Transport and Communications	118.00	118.00
Total C— Economic Services	956.60	966.74
Total	12,70.95	13,29.59

*The figures within brackets indicate the expenditure

AUDIT REPORT 1981-82

APPENDIX 1.2

Expenditure on Revenue Account

(Reference : paragraph 1.4, page 3)

Centrally Sponsored and other Schemes)			B. Non-Plan Expenditure			
<i>Actuals*</i>	<i>Variation Excess (+) Less (—)</i>	<i>Sector of expenditure</i>	<i>Budget estimates</i>	<i>Budget plus supplementary</i>	<i>Actuals*</i>	<i>Variation Excess (+) Less (—)</i>
			(In lakhs of rupees)			
(—) 20.85 (1,82.04)	(—) 62.00	A. General Services	445.51	512.95	493.34 (4,20.02)	(—) 19.61
3,02.12 (1,89.20)	(—) 19.58	B. Social and Commu- nity Services	390.48	578.33	6,15.19 (4,37.75)	(+) 36.86
		C. Economic Services				
20.54 (16.91)	(—) 5.56	(i) General Economic Services	11.30	11.30	9.15 (12.13)	(—) 2.15
704.48 (6,41.87)	(—) 13.87	(ii) Agriculture and Allied Services	224.07	226.14	2,23.86 (2,28.30)	(—) 2.28
71.23 (60.52)	(—) 9.94	(iii) Industry and Minerals	20.54	22.24	22.84 (18.56)	(+) 0.60
8.93 (1,06.53)	(—) 14.19	(iv) Water and Power Development	46.25	54.55	57.39 (30.91)	(+) 2.84
142.58 (1,35.21)	(+) 24.58	(v) Transport and Communications	783.92	807.77	5,22.66 (5,84.60)	(—) 285.11
947.76 (9,61.04)	(—) 18.98	Total C— Economic Services	10,86.08	11,22.00	8,35.90 (8,74.50)	(—) 286.10
12,29.03 (13,32.28)	(—) 100.56	Total	19,22.07	22,13.28	19,44.43 (17,32.27)	(—) 268.85

during 1980-81.

AUDIT REPORT 1981-82

APPENDIX 1.3

Expenditure on Capital Account
(Reference : paragraph 1.5, page 5)

A. Plan expenditure (including Centrally Sponsored and other Schemes)					B. Non-Plan Expenditure				
<i>Sector of expenditure</i>	<i>Budget estimates</i>	<i>Budget plus supplementary</i>	<i>Actuals*</i>	<i>Variation Excess (+) Less (-)</i>	<i>Sector of expenditure</i>	<i>Budget estimates</i>	<i>Budget plus supplementary</i>	<i>Actuals*</i>	<i>Variation Excess (+) Less (-)</i>
	<i>(In lakhs of rupees)</i>					<i>(In lakhs of rupees)</i>			
A. General Services	59.95	59.95	70.29 (65.61)	(+) 10.34	A. General Services	5.40	5.40	0.50 (5.24)	(-) 4.90
B. Social and Community Services	1,74.10	2,19.10	2,02.84 (1,72.14)	(-) 16.26	B. Social and Community Services	10.00	10.00	7.83 (3.48)	(-) 2.17
C. Economic Services					C. Economic Services				
(i) General Economic Services	9.50	9.50	5.50 (5.50)	(-) 4.00	(i) General Economic Services	..	..	.. (..)	..
(ii) Agriculture and Allied Services	51.00	51.01	46.63 (30.84)	(-) 4.38	(ii) Agriculture and Allied Services	1.00	1.00	1.00 (..)	..
(iii) Industry and Minerals	51.60	55.10	43.18 (38.39)	(-) 6.92	(iii) Industry and Minerals	..	..	.. (..)	..
(iv) Water and Power Development	1,98.00	2,21.88	2,64.42 (2,30.52)	(+) 42.54	(iv) Water and Power Development	..	37.33	4.12 (1,74.13)	(-) 33.21
(v) Transport and Communications	4,78.00	5,73.00	5,57.61 (4,57.59)	(-) 15.39	(v) Transport and Communications	..	..	.. (..)	..
Total	10,22.15	11,89.54	11,95.47 (10,00.59)	(+) 5.93	Total	16.40	53.73	13.45 (1,82.85)	(-) 40.28

*The figures within brackets indicate the expenditure during 1980-81

AUDIT REPORT 1981-82

APPENDIX 1.4

Loans and Advances

(Reference : paragraph 1.6, page 7)

	1979-80			1980-81			1981-82			
	<i>Outstanding balance on 1st April 1979</i>	<i>Loans disbursed</i>	<i>Loans recovered</i>	<i>Outstanding balance on 1st April 1980</i>	<i>Loans disbursed</i>	<i>Loans recovered</i>	<i>Outstanding balance on 1st April 1981</i>	<i>Loans disbursed</i>	<i>Loans recovered</i>	<i>Outstanding balance on 1st April 1982</i>
	<i>(in lakhs of rupees)</i>			<i>(in lakhs of rupees)</i>			<i>(in lakhs of rupees)</i>			
(i) Loans for Social and Community Services	Nil	50.00	Nil	50.00	Nil	Nil	50.00	Nil	Nil	50.00
(ii) Loans for Economic Services										
(a) General Economic Services	19.25	Nil	0.02	19.23	Nil	0.05	19.18	Nil	0.03	19.15
(b) Agriculture and Allied Services	40.96	1.61	5.85	36.73	15.39	0.27	51.84	0.60	0.26	52.18
(c) Industry and Minerals	66.11	2.80	3.19	65.72	12.92	3.47	75.17	7.66	7.08	75.75
(d) Transport and Communications	24.67	Nil	3.54	21.13	Nil	1.70	19.44	Nil	2.45	16.99
Total (ii)	1,50.99	4.41	12.59	1,42.81	28.31	5.49	1,65.63	8.26	9.82	1,64.07
(iii) Loans to Government Servants	37.17	34.49	10.89	60.77	35.75	6.38	90.14	27.36	14.55	1,02.95
(iv) Loans for Miscellaneous Purposes	63.29	0.24	Nil	65.50	0.50	0.19	65.81	Nil	0.09	65.72
Total	2,51.45	89.14	23.48	3,19.08	64.56	12.06	3,71.58	35.62	24.46	3,82.74

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AUDIT REPORT 1981-82

APPENDIX 3. 1

(Reference : paragraph 3.2.3, Page 73)

Statement showing the Cost of Collection Under the Principal Heads of Revenue

<i>Head of account</i>	<i>Year</i>	<i>Gross collection</i>	<i>Expenditure on collection</i>	<i>Percentage of expenditure to gross collection</i>
(in lakhs of rupees)				
1. Taxes on income	1979-80	30.74	1.25	4.06
other than	1980-81	28.39	1.40	4.93
Corporation Tax	1981-82	37.30	1.70	4.56
2. Land Revenue *	1979-80	11.39	4.10	36.00
	1980-81	17.10	4.58	26.78
	1981-82	11.29	29.09	2,48.80
3. State Excise	1979-80	1,62.61	3.78	2.32
	1980-81	1,58.08	3.70	2.34
	1981-82	1,91.74	4.32	2.25
4. Sales Tax	1979-80	54.06	2.53	4.68
	1980-81	64.79	1.43	2.21
	1981-82	71.35	1.61	2.26
5. Taxes on vehicles	1979-80	5.99	1.25	20.89
	1980-81	6.61	2.08	31.47
	1981-82	7.65	1.48	19.35
6. Extertainment	1979-80	3.59	0.20	5.57
Tax	1980-81	3.14	0.18	5.73
	1981-82	6.49	0.31	4.78

* The expenditure incurred under 'Land Revenue' cannot be considered as having been incurred solely for collecting revenue as the department have several other administrative functions.

AUDIT REPORT 1981-82

APPENDIX 3.2

(Reference : para 3.3.3, Page 84)

Statement showing arrears in accounts

Sl. No.	Name	Year (s) for which account were in arrears
(i)	Sikkim Mining Corporation	1981-82
(ii)	State Trading Corporation of Sikkim	1980-81 and 1981-82
(iii)	Sikkim Jewels Limited	1981 82
(iv)	Sikkim Time Corporation Limited	1981-82
(v)	Sikkim Livestock Development Corporation Limited	1978-79 to 1981-82
(vi)	Sikkimilk	July 1982
(vii)	State Bank of Sikkim	December 1981

AUDIT REPORT 1981-82

APPENDIX 3.3

(Reference : para 3.3.4, Page 84)

Summarised financial results of working of Statutory Corporations/Companies

Sl. No.	Name of the Corporation/ Company	Date of incorporation	Year of account	Authorised share capital	Paid-up capital	Total capital invested	Profit(+) loss (-)	Total interest charged to profit and loss account	Interest on long term loan	Total return on capital invested (8+10)	Capital employed	Total return on capital employed (8+9)	Percentage of total return on capital invested	Percentage of return on capital employed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
(amount in lakhs of rupees)														
1.	Sikkim Mining Corporation	February 1960	1980-81	1,00.00	57.35	91.76	(-) 5.04	0.84	0.84	(-) 4.20	44.32	(-) 4.20	..	..
2.	State Trading Corporation of Sikkim	March 1972	1979-80	4,00.00	19.00	59.14	(+) 12.48	..	..	12.48	59.14	12.48	21.10	21.10
3.	Sikkim Jewels Limited	June 1972	1980-81	50.00	7.67	63.37	(+) 6.97	1.63	1.63	8.60	63.37	8.60	13.57	13.57
4.	Sikkim Time Corporation Limited	October 1976	1980-81	50.00	40.00	49.37	(+) 8.09	..	..	8.09	48.24	8.09	16.39	16.77
5.	Sikkim Livestock Development Corporation Limited	November 1976	1977-78	1,00.00	6.00	9.41	(-) 6.74	..	..	(-) 6.74	7.30	(-) 6.74	..	..
6.	Sikkim Industrial Development and Investment Corporation Limited	March 1977	1981-82	1,00.00	51.30	97.06	(+) 2.89	2.27	2.21	5.10	94.97	5.16	5.32	5.43
7.	Sikkim Flour Mills	June 1980	1981-82	1,00.00	58.00	60.18	(+) 3.00	..	..	3.00	60.18	3.00	4.99	4.99
8.	Sikkimilk	July 1980	1980-81	30.00	1.92	4.82	(-) 0.59	..	..	(-) 0.59	3.80	(-) 0.59	..	..
9.	State Bank of Sikkim	June 1968	1980	1,00.00	20.38	3,17.38	(+) 73.20	..	..	73.20	2,84.88(c)	73.20	23.1	25.70

Note:— (a) Capital invested represents paid-up capital *Plus* reserves and surplus *Plus* long term loans.

(b) Capital employed (except item No. 9) represents net fixed assets *Plus* working capital.

(c) In respect of State Bank of Sikkim, the capital employed represents mean of the aggregate of opening and closing balances of (i) paid-up capital (ii) bonds and debentures, (iii) reserves, (iv) borrowings etc.

APPENDIX 3.4

(Reference : para 3.3.5, Page 84)

Summarised financial results of the working of the departmentally-managed Commercial Undertakings

Sl. No.	Name of the undertaking	Date of incorporation	Year of account	Mean Capital	Profit(+)/ Loss (—)	Total interest on Govern- ment loan	Total return	Percentage of return on mean capital
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(amount in lakhs of rupees)								
1.	Sikkim Nationalised Transport	1955-56	1980-81	6,11.67 (a)	(—) 74.46	21.58	(—)52.88	..
2.	Government Fruit Preservation Factory	October 1965	1981-82	103.45 (c)	(+) 1.83	2.46 (b)	4.29	3.88
3.	Sikkim Tea Board (Temi Tea Estate)	June 1974	1980-81	120.12	(—) 11.43	..	(—)11.43	..

Note :— (a) Includes Rs. 2,12.44 lakhs representing Reserves and Surplus and Capital Expenditure met from the Depreciation Fund.

(b) Represents interest on loans.

(c) Includes an amount of Rs. 12.98 lakhs representing loan from Bank.

