



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

FOR THE YEAR 1979-80

GOVERNMENT OF SIKKIM

abstract

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I	10	—	—	10
II	7	—	—	7
III	—	11	3	14
ST	—	—	—	4
ST	2	2	—	4
II	3	—	—	3
	<u>22</u>	<u>13</u>	<u>3</u>	<u>38</u>

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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1979-80 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 1979-80.

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 1979-80 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 1979-80 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.

CHAPTER I

GENERAL

1.1 Summary of transactions

The receipts and expenditure of the Government of Sikkim for the year 1979-80 are given below alongside corresponding figures of the preceding year :

	1978-79	1979-80
	<i>(in lakhs of rupees)</i>	
I. Consolidated Fund		
(i) Revenue		
Revenue receipts	29,27.28	32,82.75
Revenue expenditure	22,79.15	29,58.68
	<hr/>	<hr/>
Revenue surplus (+)	(+) 6,48.13	(+) 3,24.07
(ii) Public Debt		
Receipts	2,94.60	2,78.82
Repayments	25.64	23.18
	<hr/>	<hr/>
Increase (+)	(+) 2,68.96	(+) 2,55.64
(iii) Loans and Advances		
Recoveries	5.97	23.48
Disbursements	19.73	89.14
	<hr/>	<hr/>
Net outgo (—)	(—) 13.76	(—) 65.66
(iv) Capital expenditure		
Increase (—)	(—) 7,19.26	(—) 8,06.29
(v) Transfer to Contingency Fund	nil	nil
II. Contingency Fund		
Increase (+)/Decrease (—)	(—) 31.72	(+) 32.21

	1978-79	1979-80
	<i>(in lakhs of rupees)</i>	
III. Public Account		
Receipts	32,99.69	41,21.61
Disbursements	34,00.58	40,72.82
Increase (+)/Decrease(—)	(—) 1,00.89	(+) 48.79
Net of I to III		
Surplus (+)/Deficit (—)	(+) 51.46	(—) 2,11.24
Opening cash balance	(—) 30.83	(+) 20.63
Closing cash balance	(+) 20.63	(—) 1,90.61*

1.2 Revenue surplus

For the third year running, the year (1979-80) ended with a revenue surplus as detailed below. While the receipts during 1977-78 were more than the estimates in the budget by 12 per cent, the receipts for the latter two years, 1978-79 and 1979-80, were less than the estimates by 3 and 2 per cent respectively. The expenditure was less than the budgeted estimates (after taking into account the supplementary grants for expenditure) by 13, 12 and 1 per cent respectively in 1977-78, 1978-79 and 1979-80.

Year	Receipts		Expenditure		Actual surplus
	Estimates	Actuals	Estimates	Actuals	
		<i>(in lakhs of rupees)</i>			
1977-78	19,00.43	21,20.26	20,02.51	17,37.07	3,83.19
1978-79	30,30.76	29,27.28	25,98.35	22,79.15	6,48.13
1979-80	33,54.29	32,82.75	29,75.35	29,58.68	3,24.07

Comments on savings in expenditure are given in Chapter II.

* Includes balance (overdraft) with State Bank of Sikkim of (—) Rs. 1,94.40 lakhs and balance of Rs. 3.79 lakhs with a bank in Calcutta.

1.3 Analysis of revenue receipts

The revenue receipts during 1979-80 (Rs. 32,82.75 lakhs) were more by Rs. 3,55.47 lakhs than those in 1978-79 (Rs. 29,27.28 lakhs). Details are given in Appendix 1.1.

The receipts from the Government of India during 1979-80 were Rs. 26.26 lakhs and formed about 80 per cent of the total revenue receipts of the State (Rs. 32.83 lakhs); the percentage was the same in 1978-79.

No new taxes were levied during the year, nor any changes made in the existing taxes and duties. Information about arrears in collection of revenue is awaited from Government (May 1981).

1.4 Expenditure on revenue account

The expenditure, Plan and Non-Plan, on revenue account during 1979-80, together with the budgeted estimates, under the major sectors, as also the corresponding expenditure in the preceding year, are given in Appendix 1.2.

Taking Plan and Non-Plan together, there was underutilisation of provision in all the sectors excepting General Services, Water and Power Development and Transport and Communications. Plan expenditure on Agriculture and Allied Services in 1979-80 was Rs. 5,52.63 lakhs (after underutilisation of provision in 1979-80 by Rs 25.38 lakhs) compared to Rs. 4,14.03 lakhs in 1978-79. Non-Plan expenditure on Social and Community Services and General Services in 1979-80 was Rs. 4,20.05 lakhs and Rs. 3,74.17 lakhs (after underutilisation of provision in 1979-80 by Rs. 7.28 lakhs and Rs. 23.06 lakhs respectively) as compared to Rs. 2,10.57 lakhs and Rs. 2,87.09 lakhs respectively in 1978-79.

Taking Plan and Non-Plan expenditure together, the increase in revenue expenditure in 1979-80 as compared to preceding year is analysed below :

- (a) **General Services**—The increase was mainly under ‘Public Works’ (Rs. 2,09.29 lakhs) owing to more purchase of stock materials and more expenditure under direction and administration; “Police” (Rs. 32.01 lakhs) owing to more expenditure on centralised purchase of uniforms, salaries, criminal investigation, vigilance and purchase of motor vehicles; and ‘Election’ (Rs. 12.01 lakhs) owing to expenditure on Parliamentary election and printing of electoral rolls.
- (b) **Social and Community Services**—The increase was mainly under ‘Education’ (Rs. 70.58 lakhs) owing to more expenditure on primary and secondary education, sports and youth welfare schemes and scholarships and special education; ‘Public Health, Sanitation and Water Supply’ (Rs. 23.61 lakhs) owing to more expenditure on urban water supply schemes and prevention and control of diseases; ‘Medical’ (Rs. 13.63 lakhs) owing to more expenditure on salaries and ‘Urban Development’ (Rs. 9.48 lakhs) owing to more expenditure on assistance to Municipal Corporation, Gangtok for development and improvement work.
- (c) **Agriculture and Allied Services**—The increase was mainly under “Soil and Water Conservation” (Rs. 51.93 lakhs) owing to more expenditure on soil conservation schemes and soil survey and testing; “Minor Irrigation” (Rs. 53.07 lakhs) owing to more expenditure on minor irrigation works, procurement of stock materials and expenditure on investigation and development of ground water resources newly undertaken and ‘Community Development’ (Rs. 15.31 lakhs) owing to more expenditure on village water supply schemes.

- (d) Water and Power Development—The increase was mainly under “Power Projects” (Rs. 1,29.23 lakhs) owing to more expenditure on purchase of stock materials and transmission and distribution schemes.
- (e) Transport and Communications— The increase was mainly under ‘Roads and Bridges’ (Rs. 61.05 lakhs) owing to more expenditure on construction of roads and bridges, purchase of materials and maintenance and repair works and “Roads and Water Transport Services” (Rs.19.92 lakhs) owing to more expenditure on salaries and materials and supplies for the transport fleet of the Sikkim Nationalised Transport.

1.5 Capital expenditure

- (i) The capital expenditure during the three years ending 1979-80 and the budget estimates, as also the estimates augmented by supplementary provision, are given below:

Year	Budget	Budget plus supplementary	Expenditure	Percentage varia- tion over augmented budget
(in lakhs of rupees)				
(1)	(2)	(3)	(4)	(5)
1977-78	5,28.74	6,98.21	6,37.36	(—) 9
1978-79	8,73.22	9,14.72	7,19.26	(—) 21
1979-80	8,52.67	9,24.11	8,06.29	(—) 13

The expenditure on capital account during 1979-80, together with the budgeted estimates, under the different sectors as also the corresponding expenditure in the preceding year are given in Appendix 1.3.

- (ii) The shortfall in utilisation of the Plan provision of Rs. 831 lakhs for 1979-80 was nine per cent though expenditure (Rs.756 lakhs) was more by Rs. 88 lakhs than that in 1978-79. Under

Non-Plan, the expenditure of about Rs. 50 lakhs was less than that for 1978-79 (Rs.51 lakhs) and the shortfall in expenditure was 46 per cent of the provision (Rs. 93 lakhs).

The shortfall was mainly under 'Social and Community Services' (Plan : Rs. 73.60 lakhs ; Non-Plan : Rs. 7.32 lakhs) due to less expenditure on education, medical, housing, etc; 'Agriculture and Allied Services' (Plan: Rs. 10.50 lakhs; Non-Plan: Rs. 20.00 lakhs) owing to less expenditure on agriculture, dairy development, fisheries, etc., and 'General Services' (Plan: Rs. 4.59 lakhs; Non-Plan: Rs. 15.73 lakhs) due to non-acquisition of land and non-finalisation of site for the new jail for construction work by the Public Works Department.

Plan expenditure during 1979-80 exceeded Plan provision under 'Transport and Communications' by Rs. 14.82 lakhs because of more payments for works of expansion of district and other roads.

(iii) On Transport and Communications, as compared to the Plan expenditure in 1978-79 of Rs. 3,36.00 lakhs, that in 1979-80 was Rs. 4,03.00 lakhs mainly due to acquisition of road transport fleet and more expenditure on construction of district and other roads and purchase of machinery and equipment.

On Social and Community Services, as compared to the Plan expenditure in 1978-79 of Rs. 1,44.00 lakhs, that in 1979-80 was only Rs. 1,21.00 lakhs mainly owing to non-construction of Government residential buildings and hospitals.

On Water and Power Development, as compared to the Plan expenditure in 1978-79 of Rs. 54 lakhs, that in 1979-80 was Rs. 71 lakhs mainly owing to more expenditure on hydel schemes.

On General Services, as compared to the Plan expenditure in 1978-79 of Rs. 52 lakhs, that in 1979-80 was Rs. 68 lakhs mainly owing to more expenditure on construction work.

On Industry and Minerals, as compared to the Plan expenditure in 1978-79 of Rs. 49 lakhs, that in 1979-80 was Rs. 60 lakhs mainly due to more investment in public undertakings.

On Agriculture and Allied Services, as compared to the Non-Plan expenditure in 1978-79 of Rs. 23 lakhs, that in 1979-80 was Rs. 30 lakhs mainly due to expenditure on dairy development.

On Social and Community Services, as compared to the Non-Plan expenditure in 1978-79 of Rs. 20 lakhs, that in 1979-80 was Rs. 13 lakhs mainly due to non-construction of Government residential buildings.

1.6 Loans and Advances by the Government

(i) The disbursement of loans and advances by the State Government during 1979-80 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 :

<i>Year</i>	<i>Budget</i>	<i>Budget plus supplementary provision</i> <i>(in lakhs of rupees)</i>	<i>Actuals</i>	<i>Percentage variation over augmented budget</i>
1977-78	32.90	35.20	31.44	(—) 11
1978-79	28.50	32.90	19.73	(—) 40
1979-80	44.85	1,01.85	89.14	(—) 12

The budget estimates and the actuals of recoveries of loans and advances for the three years ending 1979-80 are given below:

<i>Year</i>	<i>Budget</i> <i>(in lakhs of rupees)</i>	<i>Actuals</i>	<i>Percentage Variation over budget estimates</i>
1977-78	20.15	14.27	(—) 29
1978-79	11.20	5.97	(—) 47
1979-80	31.95	23.49	(—) 26

The outstanding balances under loans and advances at the end of the last three years, as also the disbursements and recoveries during the three years, are given in Appendix 1. 4.

Under Social and Community Services, for the first time, loan of Rs. 50 lakhs has been made in 1979-80 under the head "Loans to Housing Board and Corporations etc."

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

Under Agriculture and Allied Services, no loans were made for Agriculture or Dairy development in the last two years; loans were made for development of Piggery, Poultry and Fisheries, and the quantum of new loans was less than the amounts recovered.

Loans for Industry have been steady in the last three years; however, the recoveries have been exceeding new loans.

Outstanding loans under the sector Transport and Communications, mostly on 'Tourism', have declined since last year.

Outstanding loans to Government servants have increased from Rs. 29.18 lakhs at the end of 1977-78 to Rs. 37.17 lakhs at the end of 1978-79 and to Rs. 60.77 lakhs at the end of 1979-80.

The outstanding loans for miscellaneous purposes are mostly on account of dues (Rs. 63.28 lakhs outstanding) from a private firm which was an erstwhile banker to the State Government (see paragraph 23 of Audit Report 1975-76).

No interest was received against any of the loans in the last three years; reasons therefor have not been intimated by the State Government. Details of overdues of principal and interest are also awaited (May 1981). The balances of outstanding loans as per ledger balances maintained by the Accountant General are communicated every year to the departmental authorities maintaining detailed accounts for verification and confirmation of the balances. Such confirmations have also not been received.

Further details of loans and advances are given in Statement Nos. 4 and 17 of the Finance Accounts 1979-80.

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

The net capital expenditure (Rs. 8,06.29 lakhs) and the net outgo under loans and advances by the State Government (Rs. 65.66 lakhs) during 1979-80 were met from the following sources :—

	<i>(in lakhs of rupees)</i>
(i) Revenue Surplus	3,24.07
(ii) Increase in Public Debt :	
(a) Internal Debt of the State Government	3.36
(b) Loans and Advances from the Central Government	2,52.28
(iii) Increase in small Savings, Provident Funds, etc. balances	25.47
(iv) Increase in balances under Reserve Funds	8.81
(v) Increase in other balances under Public Account viz . under Deposits and Advances, Suspense and Remittances	14.50
(vi) Contingency Fund	32.21
(vii) Drawing down of Cash balance and overdraft from State Bank of Sikkim	2,11.24
Total	8,71.94

1.8 Debt position

The total debt liability of the Government at the close of 1979-80 was Rs. 8,48.77 lakhs as detailed below alongside that at the close of the two preceding years :

<i>Nature of debt</i>	<i>Balance on 31st March</i>		
	<i>1978</i>	<i>1979</i>	<i>1980</i>
	<i>(in lakhs of rupees)</i>		
(i) Public Debt—Internal debt of the State Government	9.80	65.37	68.73
Loans and Advances from the Central Government	3,14.37	5,27.76	7,80.04
Total public debt	3,24.17	5,93.13	8,48.77
(ii) Provident Funds, etc.	21.42	29.01	54.48
(iii) Non-interest bearing Reserve Funds and deposits and liabilities such as civil deposits and other earmarked funds	74.89	94.12	1,20.01
Total Debt	4,20.48	7,16.26	10,23.26

Rupees 6 lakhs were borrowed during the year from Life Insurance Corporation for implementing Social Housing Schemes (in 1978-79, similarly Rs. 6 lakhs had been borrowed in addition to Rs. 50 lakhs from General Insurance Corporation for village housing project schemes for economically weaker sections of the society).

The borrowing from the Government of India as on 31st March, 1979 and on 31st March 1980 constituted 89 per cent and 92 per cent respectively of the State Government's Public debt, which accounted for the bulk of the total debt liability.

Government paid Rs. 8.71 lakhs as interest on its Public Debt and Provident Funds, etc. balance (Rs. 9,03.25 lakhs) and received

Rs. 38.74 lakhs on investment of its cash balance with the State Bank of India (Rs. 3.17 lakhs), with the State Bank of Sikkim (Rs. 476.11 lakhs) and in Government of India Securities (Rs. 6.02 lakhs).

The Government also received during the year Rs. 38.75 lakhs as dividend from public undertakings and from other investments as against Rs. 35.18 lakhs for the preceding year 1978-79.

The net addition to Small Savings, Provident Funds, etc., during 1979-80 was Rs. 25.47 lakhs, while interest charges paid on such balances was Rs. 3.43 lakhs.

The major liabilities relating to Reserve Funds, Deposits and other obligations are in respect of depreciation reserve funds of departmental commercial undertakings (Rs. 12.86 lakhs), Revenue deposits (Rs. 5.88 lakhs) and Public Works deposits (Rs. 1,01.20 lakhs).

1.9 Guarantees given by the Government

Guarantees upto a maximum of Rs. 10 lakhs 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 the Sikkim Mining Corporation and to the Sikkim Consumers' Co-operative Society respectively. The former guarantee continues to be outstanding though the overdraft given to the Sikkim Mining Corporation has ended; the amount of outstanding overdraft of the Sikkim Consumers' Cooperative Society was Rs. 4.79 lakhs on 31st March 1980. 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.

1.10 Investments

(a) Rupees 44 lakhs were invested by the Government during 1979-80 as detailed below, alongside progressive investments

upto end of the year and the dividend/interest earned during the year.

Category of bodies	During 1979-80		To end of 31st March 1980		Dividend/Interest received during the year (percentage of return to cumulative investments in brackets)	
	Number	Amount	Number	Amount		
(in lakhs of rupees)						
(i) statutory Corporations and State Bank of Sikkim	4	24.00	6	1,64.55	1.56	(1)
(ii) Companies	1	20.00	5	1,24.79	37.19	(30)
(iii) Other Banks and Co-operative societies	—	—	4	15.46	nil	nil
Total	5	44.00	15	3,04.80	38.75	(13)

The following points are noteworthy in the accounts in regard to Statutory Corporations, Companies (including non-Government Companies) and Co-operative Societies :

(i) Dividend of Rs. 1.56 lakhs was received from the State Bank of Sikkim in which investment was Rs. 13 lakhs at the end of 1979-80. No dividend was received from the other five corporations in which Rs. 1,51.55 lakhs were invested.

(ii) Dividend of Rs. 37.19 lakhs from companies was mostly from Sikkim Distilleries Ltd. (Rs. 36.94 lakhs) in which Rs. 74.19 lakhs stood invested at the end of 1979-80. Dividend from Sikkim Jewels Company was Rs. 24,600 against investment of Rs. 4.10 lakhs as at the end of 1979-80. From the other three companies (investment Rs. 46.50 lakhs) there was no dividend.

(iii) There was no dividend from any of the co-operative societies (investment Rs. 15.20 lakhs).

CHAPTER II

Appropriation Audit and Control over Expenditure.

Summary

2.1 During the year 1979-80, out of Rs. 30,79.81 lakhs and Rs. 8,97.45 lakhs voted under Revenue and Capital sections under 30 grants in the Budget, further enhanced by Rs. 2,43.44 lakhs and Rs. 1,28.44 lakhs voted through supplementary grants during the year, there were savings of Rs. 3,01.95 lakhs (9 per cent) and excess of Rs. 1,35.11 lakhs (4 per cent) under 23 and 7 grants in the Revenue Section and saving of Rs. 1,45.85 lakhs (14 per cent) and excess of Rs. 15.35 lakhs (1 per cent) under 26 and 3 grants in the Capital Section respectively. The provision for expenditure to be charged on the Consolidated Fund was Rs. 37.01 lakhs under Revenue Section and Rs. 29.88 lakhs under Capital Section, enhanced by Rs. 0.39 lakh and Rs. 0.01 lakh through supplementary provisions respectively; there were savings of Rs. 17.12 lakhs (46 per cent) under 10 charged appropriations and Rs. 6.67 lakhs (22 per cent) under 6 charged appropriations in the Revenue and Capital Sections respectively. The details are given in Appendix 2.1.

In the following voted grants and charged appropriations, the excess or saving in expenditure (of not less than Rs. 2 lakhs) was more than 10 per cent of the total sanctioned provision (voted or charged) under the Revenue or Capital Section of the grant/charged appropriation. The details of the schemes, programmes or objectives affected by the excess/saving, as also the reason for it where available, are given below :

<i>Serial number</i>	<i>Number and name of the grant/ appropriation</i>	<i>Total provision</i>	<i>Expenditure</i>	<i>Saving (—)</i>
			<i>(in lakhs of rupees)</i>	
(i)	3—Agriculture (Capital-Voted)	O 31.26 S — T 31.26	13.83	(—) 17.43 (56%)

Against provision of Rs. 25 lakhs for construction of staff quarters, expenditure was only Rs. 9.96 lakhs. On Agricultural farm, expenditure was only Rs. 0.52 lakh against provision of Rs. 2 lakhs. Against provision of Rs. 2.50 lakhs for Horticulture, expenditure was only Rs. 1.58 lakhs. Saving in construction was attributed by the Public Works Department to shortage of materials.

Serial number	Number and name of the grant/ appropriation	Total provision	Expenditure	Saving (—)
			(in lakhs of rupees)	
(ii)	4—Animal Husbandry and Dairy Development (Revenue-Voted)	O 1,04.50 S — T 1,04.50	6.92	(—) 37.58 (36%)

Expenditure on minor works in Bull rearing farms was only Rs. 2.39 lakhs against provision of Rs. 3.65 lakhs and expenditure on minor works of veterinary dispensaries only Rs. 0.72 lakh against provision of Rs. 2.25 lakhs. Expenditure on materials and supplies and minor works for Intensive Piggery Development was only Rs. 0.87 lakh against provision of Rs. 2.98 lakhs because of delays. On Animal Services Research Schemes sponsored by the ICAR, against provision of Rs. 25.64 lakhs, only Rs. 11.38 lakhs were spent because of lack of qualified persons and non-execution of schemes; the saving being 56 per cent of the provision and mainly on poultry and sheep schemes.

(iii)	4—Animal Husbandry and Dairy Development (Capital-Voted)	O 64.34 S — T 64.34	41.87	(—) 22.47 (35%)
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Against provision of Rs. 50 lakhs for dairy development programme in milk production and marketing in Sikkim, expenditure was only Rs. 30 lakhs because of slower progress of work than planned for; reasons for the slow progress have not been received (May 1981).

<i>Serial number</i>	<i>Number and name of the grant/ appropriation</i>	<i>Total provision</i>	<i>Expenditure</i>	<i>Saving (—)</i>
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(in lakhs of rupees)

(iv)	6—Co-operation	O 17.64		
	(Revenue-Voted)	S 0.60		
		T 18.24	15.34	(—) 2.90 (16%)

Provision of Rs. 1 lakh for minor works in the office of Registrar, Co-operative Societies was not utilised because of administrative delays; the subsidy given for construction of godowns to warehousing and marketing co-operatives was only Rs. 1.26 lakhs against provision of Rs. 3 lakhs.

(v)	7—Ecclesiastical	O 10.53		
	Department	S —		
	(Revenue-Voted)	T 10.53	6.57	(—) 3.96 (38%)

Against provision of Rs. 6 lakhs for major works, expenditure was Rs. 2.14 lakhs due to non-completion of construction works of Ralong and Namchi Gumpa because of non-availability of materials.

(vi)	8—Education	O 43.50		
	(Capital-Voted)	S —		
		T 43.50	30.61	(—) 12.89 (30%)

Expenditure on construction of buildings for primary schools and junior high school hostels was only Rs. 9.43 lakhs and Rs. 3.36 lakhs against provision of Rs. 12 lakhs and Rs. 10 lakhs

respectively. Against provision of Rs. 4.50 lakhs for degree college building, there was no expenditure.

<i>Serial Number and number name of the grant/ appropriation</i>			<i>Total Expenditure provision</i>	<i>Saving (—)</i>
			<i>(in lakhs of rupees)</i>	

(vii) 9-Power and	O	2,86.86		
Irrigation	S	1,10.41		
(Revenue-Voted)	T	3,97.27	3,36.75	(—) 60.52 (15%)

On minor irrigation works, expenditure was only Rs. 22.51 lakhs against provision of Rs. 38.50 lakhs reportedly because of shortage of materials and transportation problems. Against provision of Rs. 1,55.00 lakhs (including Rs. 70 lakhs of supplementary provision), expenditure on purchase of stock materials was only Rs. 1,13.12 lakhs because of delays in procurement.

(viii) 9 --Power and	O	3.50		
Irrigation	S	—		
(Revenue- Charged)	T	3.50	0.90	(—) 2.60 (74%)

The saving was under interest payment on loans from the Central Government and was stated to be due to changes on the basis of the recommendation of the Seventh Finance Commission.

(ix) 9—Power and	O	3.00		
Irrigation	S	—		
(Capital-Charged) T		3.00	0.75	(—) 2.25 (75%)

The saving was under repayment of loans from the Central Government and was stated to be due to changes on the basis of the recommendation of the Seventh Finance Commission.

Serial number	Number and Name of the grant/ appropriation	Total provision	Expenditure	Saving (—) Excess (+)
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(in lakhs of rupees)

(x)	14—Other expenditure of Finance Department (Revenue-Voted)	O 16.62 S 3.03 T 19.65	21.80	(+) 2.15 (11%)
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On relief and rehabilitation of displaced persons (Tibetan refugees), expenditure was Rs. 3.65 lakhs against the provision of Rs. 0.95 lakh.

(xi)	14—Other expenditure of Finance Department (Revenue-Charged)	O 17.60 S 0.01 T 17.61	7.76	(—) 9.85 (56%)
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The saving was stated to be due to less-payment of interest on Central loans due to changes in terms of loans.

(xii)	14—Other expenditure of Finance Department (Capital-Charged)	O 25.11 S 0.01 T 25.12	22.34	(—) 2.78 (11%)
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The saving was stated to be due to less-repayment of principal due to changes in terms of repayment of Central loans.

(xiii)	15—Food and Civil Supplies (Capital-Voted)	O 6.34 S — T 6.34	3.32	(—) 3.02 (48%)
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The saving was due to the expenditure being only Rs. 3.23 lakhs against provision of Rs. 6.14 lakhs for construction of godown and town rationing office at Gyalzing and Namchi.

Serial number	Number and name of the grant/ appropriation	Total provision	Expenditure	Saving (—)
(in lakhs of rupees)				
(xiv)	16—Forest, Fisheries and Soil Conservation (Revenue-Voted)	O 3,35.67 S — T 3,35.67	2,43.20	(—) 92.47 (28%)

On soil conservation schemes, against provision of Rs. 65 lakhs, only Rs. 42.42 lakhs were spent because of administrative delays. On Integrated soil and water conservation in Himalayas, only Rs. 5.53 lakhs were spent against provision of Rs. 20 lakhs for similar reason. On rehabilitation of degraded forests, only Rs. 15.32 lakhs were spent against provision of Rs. 30 lakhs because of reduced allocation received from Central Government. On Forest Produce utilisation, expenditure was only Rs. 24.36 lakhs against provision of Rs. 50 lakhs; reason for the resultant saving was not available (May 1981). On forest roads, expenditure was only Rs. 2.11 lakhs against provision of Rs. 10 lakhs, but Rs. 5.07 lakhs of the saving were diverted to buildings.

(xv)	16—Forests, Fisheries and Soil Conservation (Capital-Voted)	O 10.10 S — T 10.10	6.86	(—) 3.24 (32%)
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Expenditure on setting up trout and other fishing farms was only Rs. 5.37 lakhs against provision of Rs. 9.60 lakhs because of administrative delays.

(xvi)	19—Home Department (Capital-Voted)	O 15.26 S 26.84 T 42.10	27.04	(—) 15.06 (36%)
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Saving was mainly due to the provision of Rs. 15 lakhs for construction of new jail remaining entirely unutilised because of delay in finalisation of site.

<i>Serial number</i>	<i>Number and name of the grant/ appropriation</i>	<i>Total provision</i> <i>(in lakhs of rupees)</i>	<i>Expenditure</i>	<i>Saving (—)</i>
(xvii)	19—Home Department (Revenue-Charged)	O 2.00 S — T 2.00	nil	(—) 2.00 (100%)

Saving was due to non-formation of State Public Service Commission. Similar saving occurred in the two preceding years also.

(xviii)	21—Police (Capital-Voted)	O 27.00 S — T 27.00	20.19	(—) 6.81 (25%)
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Against provision of Rs. 10 lakhs for construction of Police barracks, only Rs. 3.45 lakhs were utilised because of delay reportedly owing to shortage of materials.

(xix)	22—Land Revenue (Revenue-Voted)	O 51.15 S 5.27 T 56.42	40.83	(—) 15.59 (28%)
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Against provisions of Rs. 4 lakhs for payment of compensation for acquiring excess land and Rs. 1.5 lakhs for payment of loans to allottees of surplus land, there was no expenditure. On executing survey and settlement, expenditure was only Rs. 25.07 lakhs against provision of Rs. 28.60 lakhs. The reasons were attributed to administrative delays.

(xx)	22—Land Revenue (Capital-Voted)	O 3.24 S — T 3.24	0.69	(—) 2.55 (79%)
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Against provision of Rs. 3.24 lakhs for grant of festival advance, disbursement was only Rs. 0.69 lakh.

Serial number	Number and name of the grant/ appropriation	Total provision	Expenditure	Saving (—)
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(in lakhs of rupees)

(xxi)	24—Medical and Public Health	O 49.50 S —		
	(Capital-Voted)	T 49.50	10.33	(—) 39.17 (79%)

On construction of district hospitals, expenditure was only Rs. 0.28 lakh against provision of Rs. 10 lakhs; on construction of primary health centres, expenditure was only Rs. 6.40 lakhs against provision of Rs. 20 lakhs; on construction of primary health sub-centres expenditure was only Rs. 2.28 lakhs against provision of Rs. 8 lakhs; on construction of a new Central referral hospital there was no expenditure against provision of Rs. 10 lakhs.

(xxii)	25—Panchayat, Rural Works and Social Welfare	O 2,39.78 S 50.34		
	(Revenue-Voted)	T 2,90.12	2,58.83	(—) 31.29 (11%)

Against supplementary provision of Rs. 20 lakhs for accelerated water supply schemes, expenditure was only Rs. 6.01 lakhs; against provision of Rs. 43 lakhs for bridges on district and other roads, expenditure was only Rs. 30.05 lakhs; against provision of Rs. 50 lakhs; (including supplementary provision of Rs. 30 lakhs) for purchase of stock materials, expenditure was only Rs. 37.15 lakhs; against provision of Rs. 18.60 lakhs for education and welfare of handicapped, welfare of destitute women, creches for working women's children and welfare of poor and destitute, expenditure was only Rs. 2 lakhs. Against provision of Rs. 71.50 lakhs for village water supply schemes, however, expenditure was Rs. 1,09.15 lakhs.

Serial number	Number and name of the grant/ appropriation	Total provision	Expenditure	Saving (—)
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(in lakhs of rupees)

(xxiii)	26—Planning and O	10.30		
	Development S	0.88		
	Department T	11.18	6.59	(—) 4.59
	(Revenue-Voted)			(41%)

Against provision of Rs. 4 lakhs for subsidised industrial housing and house sites to landless workers, there was no expenditure.

(xxiv)	27— Press, O	35.30		
	Publicity and S	0.72		
	Cultural Affairs T	36.02	31.99	(—) 4.03
	(Revenue-Voted)			(11%)

Saving to the extent of Rs. 1.28 lakhs was attributed to non-appointment of Compositor and Proof Reader due to non-availability of trained persons and non-finalisation of purchase for want of foreign exchange.

(xxv)	27—Press, O	8.32		
	Publicity and S	—		
	Cultural Affairs T	8.32	2.95	(—) 5.37
	(Capital-Voted)			(65%)

Against provision of Rs. 4 lakhs for construction of museum, there was no expenditure. On construction of Community hall at Namchi, expenditure was only Rs. 1.01 lakhs against provision of Rs. 2 lakhs.

Serial number	Number and name of the grant/ appropriation	Total provision	Expenditure	Saving (—) Excess (+)
(in lakhs of rupees)				
(xxvi)	28—Public Works, Roads, Bridges and Water Supply (Revenue-Voted)	O 7,76.53 S 8.52 T 7,85.05	9,09.50	(+) 1,24.45 (16%)

Against provision of Rs. 2,50.00 lakhs under 'suspense' for purchase of stock materials, expenditure of Rs. 3,85.40 lakhs was incurred. On planning and research under public works including setting up soil and material testing laboratories, expenditure was only Rs. 0.26 lakh against provision of Rs. 5.50 lakhs.

(xxvii)	30—Industries and Labour (Revenue-Voted)	O 79.90 S — T 79.90	48.24	(—) 31.66 (40%)
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Against provision of Rs. 2 lakhs for incentives to new industries, and Rs. 1 lakh for modernisation of small industries, there was no expenditure. Against provision of Rs. 1.35 lakhs for entrepreneurship development and Rs. 2 lakhs for information and publicity centre for small scale industries, expenditure was negligible. Against provision of Rs. 3.40 lakhs for handloom industries and Rs. 1.30 lakhs for handicraft industries, expenditure was negligible. Against provision of Rs. 3.40 lakhs for setting up a mineral exploration laboratory, expenditure was nil.

2.2 Excess over grants requiring regularisation

There was excess of Rs 1,50,45,810 in seven grants in the Revenue Section and in three grants in the Capital Section, which requires regularisation under Article 205 of the constitution. Except for major excesses in grants No. 14 and No. 28 (Revenue Section) detailed in paragraph 2.1, the others are listed in Appendix 2.2.

2.3 Supplementary grants/charged appropriations

During the year, supplementary provision of Rs. 3,72.28 lakhs (about 9 per cent of the original provision of Rs. 40,44.15 lakhs) was obtained. Rupees 2,43.44 lakhs were to augment revenue expenditure under 22 grants and Rs. 1,24.44 lakhs to augment capital expenditure under 4 grants. Rupees 0.39 lakh were to augment revenue expenditure under 2 charged appropriations and Rs. 0.01 lakh to augment capital expenditure under 1 charged appropriation.

The details of unutilised supplementary grants/charged appropriations, where the expenditure fell short of the provision in grants/appropriations by a margin of more than 10 per cent, have been mentioned in the analysis in paragraph 2.1. The details and reasons for saving in expenditure (where available) under some of the other grants are given in Appendix 2.3.

2.4 Advances from the Contingency Fund

Of the five sanctions issued by the Government during 1979-80 advancing in all Rs. 6.70 lakhs (actual drawal Rs. 4.38 lakhs) from the Contingency Fund (with a corpus of Rs. 50 lakhs), the sanction for Rs. 2 lakhs for investment in Sikkim Housing Development Board issued in April 1979 was not operated upon. The advances under the remaining four sanctions were recouped to the Fund 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 1979-80, such recoveries were anticipated at Rs. 3,85.30 lakhs under the Revenue Section. Actual recoveries during the year were, however, only Rs. 2,18.00 lakhs. The short recoveries occurred mainly under the following grants:

<i>Serial number</i>	<i>Number and name of grant</i>	<i>Estimate of recoveries</i>	<i>Actuals recoveries</i>	<i>Shortfall</i>
<i>(in lakhs of rupees)</i>				
Revenue Section				
(i)	9—Power and Irrigation	85.00	36.60	48.40
(ii)	25—Panchayat, Rural Works and Social Welfare	50.00	10.00	40.00
(iii)	28—Public Works, Roads, Bridges and Water Supply	2,50.00	1,71.29	78.71

Basis of the original estimation and reasons for the shortfall have not been furnished (May 1981).

2.6 Non-receipt of explanations for savings/excesses

After the close of the financial year, the detailed Appropriation Accounts 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 some cases, the reasons for variations were not furnished in time to Audit by the Controlling officers.

In the Appropriation Accounts for 1979-80, explanations for variations under 21 out of 95 heads under the Revenue/ Capital Section of grants/charged appropriations have not been received (May 1981).

2.7 Provisioning of funds and under-utilisation

The provision of funds and the expenditure incurred during the year 1979-80, and the two preceding years, under 'Social and Community Services' and 'Agriculture and Allied Services' Sectors are given in Appendix 2.4. These highlight savings in capital expenditure; the reasons have been analysed in paragraph 2.1.

CHAPTER III
RESULTS OF AUDIT

Section I—Civil Departments

DEPARTMENT OF HEALTH AND FAMILY WELFARE

3.1.1. Irregular draws and advances

Rupees 86,500 drawn on 31st March 1979 for the Applied Nutrition Programme, a Centrally Sponsored Scheme, were kept in a personal deposit account of the Director of Health and Family Welfare in the State Bank of Sikkim for meeting expenditure on celebration of the "International year of Child". As the Finance Department raised an objection to the opening of the personal deposit account, the account was closed and the amount therein was stated to be utilised for making payments as detailed below :

<i>Payee</i>	<i>Amount</i>	<i>Date of making advance payment</i>	<i>Purpose</i>
(1)	(2)	(3)	(4)
1. Department of Agriculture	Rs. 35,000	July 1979	Purchase of kitchen garden tools, etc.
2. Sikkim Livestock Development Corporation	Rs. 5,000	-do-	Purchase of birds under Applied Nutrition Programme

(1)	(2)	(3)	(4)
3. Department of Panchayat and Rural Works	Rs. 46,500	August 1979	Community garden, fencing of kitchen garden land and Panchayat ghar

The records in the department contained neither acknowledgements of receipt by the three departments/corporation nor any further information in regard to the payments made or the supplies received. There was no estimate or detailed scheme/programme in the department in support of which the moneys were advanced nor any Government sanction therefor. No adjustment bill in support of expenditure out of the advances paid has been submitted so far by any of the three departments/corporation or by the Director of Health and Family Welfare (February 1981). It would appear that scarce development funds had got locked up.

The matter was reported to Government (August 1980); reply is awaited (May 1981).

3.1.2 Advances under nutrition scheme

Rupees 0.48 lakh were drawn against the budget provision for Special Nutrition Programme and made over (March 1979) to the Sikkim Livestock Development Corporation, Gangtok, as an advance payment, for setting up poultry units consisting of 50 birds each in ten selected schools, at a cost of Rs. 9,600 each. No detailed programme for implementation of the scheme was drawn up by the department. The department was not also able to produce any payee's acknowledgement of receipt or adjustment bill against the advance made to the Corporation, nor the names of the schools selected (March 1980) for setting up poultry units.

The matter was referred to Government (August 1980); reply is awaited (May 1981).

3.1.3. Outstanding advances

Rupees 3.24 lakhs advanced to various Government Officials and individuals between June 1977 and December 1979 for treat-

ment outside Sikkim, training, travelling expenses, purchasing hospital equipment, etc. are still outstanding. The year-wise break-up is given below :

<i>Period</i>	<i>Amount (in lakhs of rupees)</i>
June 1977 to March 1978	0.61
April 1978 to March 1979	2.39
April 1979 to December 1979	0.24
	3.24

No adjustment bill was submitted by the recipients of the advances and the department also did not take any action for adjustment or recovery of the advances. On this being pointed out in audit in March 1980, the department stated (April 1980) that the recipients were being requested to submit adjustment bills. Further progress is awaited (May 1981).

The matter was reported to Government (August 1980); reply is awaited (May 1981).

3.1.4 Leprosy control programme

(i) Under a national programme, the Directorate General of Health Services, Government of India had advised (February 1977) that, if preliminary enquiries revealed existence of leprosy cases in the State, a leprosy control unit, in full, be established. Otherwise, a leprosy control unit with a limited number of staff were to be set up to make a districtwise sample survey to find out the magnitude of the problem; 5 such units were to be set up in the existing general outpatient medical clinics in different parts of the State. Temporary hospitalisation wards, survey, education and treatment (S. E. T.) centres, urban centres, zonal leprosy offices, etc. could be established thereafter according to the needs in subsequent years. Funds for the programme were allocated (1976-77), by the Government of India both in cash and kind, for recurring and non-recurring expenses, but from 1979-80 it has been made a Centrally Sponsored Scheme and the expenditure is shared equally between the Centre and the State.

A leprosy control unit with limited staff was established at Gangtok in 1977 with 1 medical officer, 6 para medical workers,

1 laboratory technician, 2 clerks, 1 driver and 2 peons. Additionally, 4 para medical workers and 1 helper were appointed in October 1978 and 1 March 1980 respectively. All the ten para medical workers were posted to 10 S. E. T. centres attached to 10 Primary Health Centres in the districts. A leprosy clinic was attached to the chest clinic of Sir Thutob Namgyal Memorial (S.T.N.M.) Hospital at Gangtok for treatment of outdoor leprosy patients and construction of a ten bedded temporary hospitalisation ward attached to the District Hospital at Singtam was completed (May 1980) at a cost of Rs. 0.42 lakh, though not, so far, inaugurated. The ward was however neither provided with facilities required for leprosy patients nor put to such use and the entire investment on the hospitalisation ward is lying unused.

The department stated (May 1980) that no medical officer or staff was appointed for the ward and no leprosy patient was admitted for hospitalisation. It was further stated that construction was made as per instructions of the Government of India received in August 1977. However, the department could not produce to Audit any record to show that any districtwise sample survey had been made to check that hospitalisation facilities would be required. The number of outpatients attended to is given below:

Year	SET Centre	Leprosy clinic Gangtok	PHCs	STNM Hospital	Total
1978 (1-4-78 to 30-12-78)	20	—	—	—	20
1979	48	8	—	—	56
1980 (upto October 1980)	65	69	—	—	134

Further developments in this regard have not been intimated by the department (May 1981).

(ii) Purchase of microscope : On the basis of an indent for 10 'Olympus' microscopes received from the Medical Officer,

National Leprosy Control Programme, Gangtok, open tenders were invited in November 1979. Six firms responded and the Purchasing Committee, which included the Superintendent and Additional Superintendent, S. T. N. M. Hospital and the Joint Director of Health Services, selected 'Lablin brand of microscope at the price quoted by a firm of New Delhi, viz. Rs. 3,637 each. But the department ultimately purchased 10 'Olympus' brand microscopes each costing Rs. 5,900 from a firm in Gangtok in March 1980, involving an additional expenditure of Rs. 22,630.

On this being pointed out in audit (April 1980), the department stated (April 1980) that the purchase was made on the basis of the demand of the Medical Officer, National Leprosy Control Programme for 'Olympus' brand. But tenders had been invited not on brand-basis but for different types of microscopes. There was no remark from any competent authority to the effect that 'Lablin' microscope was unsuitable for the purpose for which it was required. The department did not also furnish any reason justifying its preference for 'Olympus' microscope despite the price differential.

3.1.5. Purchase of autoclaves

(a) In the Central Health Stores Organisation, Gangtok, autoclaves required for sterilisation of various items were purchased, at a cost of Rs. 1.38 lakhs, for distribution to hospitals, primary health centres (PHCs), primary health sub-centres (PHSC) and leprosy control centres, as given below:

<i>Opening balance as on date of purchase</i>	<i>Date of purchase</i>	<i>No. purchased (Rate in brackets)</i>	<i>Total stock</i>	<i>No. issued (Date in brackets)</i>	<i>Balance in stock</i>
2 Nos.	28-8-1978	10 (at Rs.3,000 each)	12	1 (23-8-1978)	11
11 Nos.	18-12-1978	24 (at Rs.3,000 each)	35	13 (upto 10-11-1979)	22
22 Nos.	11-12-1979	10 (at Rs.3,575 each)	32	4 (upto mid April 1980)	28
				9 (upto August 1980)	19

Out of the total of 18 autoclaves issued between August 1978 and April 1980, ten were issued to PHCs, three to hospitals and five to PHSCs though there were no indents from them. The 10 autoclaves purchased in December 1979 were meant for leprosy control centres which also had not indented for them. Subsequent to audit, 9 autoclaves were issued, one each to eight leprosy centres and one leprosy clinic between May and August 1980 ; the remaining 19 are lying in stock (January 1981).

The Central Health Stores Organisation stated (April 1980) that the purchases had been made as per orders of the Directorate of Health Services. The Central Health Stores Organisation could not furnish to Audit any records to show that assessment had ever been made of the requirements of autoclaves in different hospitals, PHCs, PHSCs and leprosy control centres. On the other hand, the notings in the relevant files indicated that the purchases had been made to avoid lapse of budget grant even prior to the opening of the PHCs and PHSCs. Information on the likely dates by which the autoclaves will be put to use is awaited.

(b) Two autoclaves costing more than Rs. 0.06 lakh and three sterilisers, all electrically operated, were supplied to the PHC, Namthang between January 1979 and March 1980 without receiving any indents from it. There was no supply of electricity in the Centre and the Medical Officer-in-Charge of the Health Centre stated in April 1980 that the instruments could not be utilised for want of electricity.

The matter was referred to Government (August 1980); reply is awaited (May 1981).

3.1.6 Purchases of medical apparatus and equipments

(i) The following apparatus/equipments supplied by different suppliers to the Central Health Stores Organisation (CHSO) were not checked in the Store when received therein or later to see if they worked, and, when received by the hospitals/health centres, were found to be in defective condition. They are lying

idle in the hospitals/health centres since their receipt and have not benefited the people.

<i>Apparatus/ Equipment</i>	<i>Cost Rs.</i>	<i>Date of receipt</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)
(a) Refrigerator (one)	Not available	November 1979	Received by Song Pri- mary Health Centre. The Medical Officer-in- Charge of the Health Centre took up the matter with the C. H. S. O. in April 1980.
(b) Monocular Microscope (one)	4,500	December 1978	Received by S. T. N. M. Hospital, Gangtok. No action taken for repair.
(c) Spectro Photometer (Sytronics) (one)	20,700	February 1979	Received by S. T. N. M. Hospital, Gangtok. One defective part replaced but its fitness repor- tedly doubtful.
(d) Patients Trolley (two)	Not available	March 1980	Received by S. T. N. M. Hospital, Gangtok. No action taken by Hospital for repair.
(e) Wheel Chairs (four)	-do-	2 in May 1977 1 in September 1977 1 in March 1980	-do-
(f) Baby Incubator (one)	-do-	1974	Received by S. T. N. M. Hospital, Gangtok ; de- fective even after repair. No further action taken for its repair.

(1)	(2)	(3)	(4)
(g) Flame Photo-meter	19,600	June 1979	Received by S. T. N. M. Hospital, Gangtok. Connector not supplied till May 1980. Lying idle.

(ii) The following equipments supplied by C. H. S. O. to hospitals were lying idle without being used for the purpose for which they were purchased.

<i>Particulars of Stores</i>	<i>Hospital to which supplied</i>	<i>When supplied</i>	<i>Cost of stores</i>
			Rs.
(a) Short Wave Diathermy (two)	Namchi Hospital Mangan Hospital	January 1979 August 1978	37,000
(b) Stationary Bi-cycle-cum-Exercisor (two)	Namchi Hospital Mangan Hospital	January 1979 November 1978	6,400
(c) Ultrasonic equipment (two)	Namchi Hospital Mangan Hospital	August 1979 July 1979	28,000
(d) Electric Vibrator (two)	Namchi Hospital Mangan Hospital	May 1979 August 1978	Not available

All the above are physiotherapy equipments, but in Namchi and Mangan Hospitals there was no physiotherapist available to operate them. In Mangan, the post of physiotherapist was not filled up till April 1980 while the equipment had been received in August 1978 without any indent from the hospital. The hospital at Namchi stated (April 1980) that no indent for the articles had been sent and that no appointment of any physiotherapist had

been made. The Chief Medical Officer of South and North districts confirmed in April 1980 that the instruments were lying idle since their receipt in the hospitals for want of a physiotherapist.

(iii) One X-ray unit with all its accessories, costing Rs. 0.50 lakh, was supplied to the Singtam Hospital in August 1978 and its installation was completed in January 1980. It has been lying unutilised since then for want of a technician. One ophthalmoscope costing Rs. 0.04 lakh was also lying unused in stock in the hospital from prior to 1977. The Chief Medical Officer of Health, East District stated in April 1980 that no indent had been placed for supply of the machine and the instrument and that they could not be utilised for want of a technician.

(iv) Medicines detailed in the table below could not be used in the hospitals before their expiry date because of defective planning, issue and utilisation of medicines by the department.

<i>Medicines</i>	<i>Quantity</i>	<i>Hospital where received</i>	<i>Month of receipt</i>	<i>Month of expiry of potency</i>	<i>Period during which the hospital could have used these</i>
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Inj. Kapilin	48 ampls.	Namchi Hospital	June 1979	December 1979	6 months
„ Siquil	208 ”	-do-	April 1978	November 1978	7 ”
„ Infezon B-12	166 ”	Singtam Hospital	July 1979	January 1980	6 ”
„ Adrenaline	50 ”	-do-	July 1978	September 1978	2 ”
„ Infezon	300 ”	-do-	February 1980	January 1980	nil

The last item of supply mentioned above was made by the CHSO to the hospital after the date of expiry of its potency. 1,200 ampoules of Inj. Inferon-B-12 were received so late in Mangan Hospital from CHSO, that they could not all be used before the expiry date of their potency.

(v) The following equipments and apparatus were lying (May 1980) in stock with the CHSO for long. They had been purchased for Rs. 0.85 lakh between August 1978 and February 1980.

<i>Equipment/Apparatus</i>	<i>Date of purchase</i>	<i>Cost</i>	<i>Period for which lying in stock</i>
		Rs.	
1. Labour Bed (3 nos)	November 1978	1,035	1 yr. 5 months
2. Operation Theatre lamp (1 no)	August 1978		1 yr. 8 months
3. -do- (7 nos)	January 1979	14,000	1 yr. 3 months
4. Parafin Wax water bath (1 no)	January 1979	7,600	1 yr. 5 months
5. Shoulder Wheel (1 no)	-do-	950	-do-
6. Stop watch (3 nos)	-do-	2,740	-do-
7. Small Instrument Steriliser (3 nos)	August 1978		1 yr. 8 months
-do-(18 nos)	February 1980	59,000	2 months

It was stated (May 1980) by the CHSO that while no indents were received for these from any of the hospitals/health centres there was necessity for them. They could not be delivered to hospitals/health centres due either to non-availability of vehicles or accommodation problem in vehicles where available. It could not be explained why some of the articles were lying in stock for

more than one year for such reasons though, as stated, there was necessity for them in hospitals/health centres.

(vi) As per the Sikkim Financial Rules, physical verification of all stores should be made at least once a year by the head of the department, or such other officer as may be specially authorised by him in this behalf, and a certificate to that effect recorded in the stock register. Also, in order to ensure that stores are not held unnecessarily in excess of requirements, half-yearly inspections should be conducted by a responsible officer. But physical verification of stores had never been done in the CHSO and there was no reason on record for not doing it. It was stated (May 1980) that action would be taken in this regard in future.

The above observations were referred to Government (August 1980); reply is awaited (May 1981).

DEPARTMENT OF SOCIAL WELFARE

3.1.7 Non-refund of unutilised amounts

Rupees 9.48 lakhs of grants received from the Government of India (GOI) were to be disbursed to the All India Bhikhu Sangha Dharma Chakra (AIBSDC), Rumtek, Gangtok for care and maintenance of 200 destitute/orphan children. The grants were to be utilised within the year in which they were given and the unspent balance was to be refunded to the GOI. The department however paid Rs. 35,400 only in February 1976 to the AIBSDC, Rumtek, as there was no home for destitutes at Rumtek. A home was started there in May 1977, with 9 children after incurring expenditure of Rs. 7,762 in April 1977. In March and June 1977, Rs. 40,300 and Rs. 10,000 respectively were further released to the AIBSDC, Rumtek.

Of the balance, the Department paid Rs. 57,250 between August 1977 and March 1978 and Rs. 1,05,900 between June 1977 and January 1978 to Kaluk Destitute Home. Again, Rs. 1,24,300 were paid to the AIBSDC, Rumtek between May 1978 and March 1979 and Rs. 10,395 to Kaluk Destitute Home in January 1979.

After making the above payments, the department, had still an unspent balance of Rs. 5.64 lakhs, at the end of March 1980 as detailed below :

<i>Year of receipt from G. O. I.</i>	<i>Grants received</i>	<i>Amount released</i>	<i>Unspent balance</i>
<i>(in lakhs of rupees)</i>			
1975-76	2.84	0.86	1.98
1976-77	nil	nil	nil
1977-78	2.34	1.63	0.71
1978-79	4.30	1.35	2.95
Total :	9.48	3.84	5.64

The unspent balance was not refunded to the GOI as required in terms of GOI's sanction. On this being pointed out in audit in March 1980, the department stated (April 1980) that the Administration was left with very little time for surrendering the balance.

Though a destitute home had been proposed to be started at Rumtek, because land was not readily available for construction of building, Rs. 40,300 meant for it (released to AIBSDC in March 1977) were diverted by AIBSDC to an existing Destitute Home at Chakung.

The matter was referred to Government in August 1980; reply is awaited (May 1981).

DEPARTMENT OF LOCAL SELF GOVERNMENT

3.1.8 Irregular drawal

Rupees 0.20 lakh provided in the budget for 1977-78 for land acquisition were drawn in March 1978 and paid to the Gangtok Municipal Corporation in May 1978 as advance assistance, even though there was no request for assistance from the

Corporation. The purpose of the assistance had not been indicated by the department. When this was pointed out in audit, the department stated (August 1979 and February 1981) that the advance was given with the concurrence of the Finance Department and that the amount would be adjusted against future requests for assistance from the Corporation.

Rupees 1 lakh provided in the budget for 1978-79 for land acquisition were drawn by the department in March, 1979 and Rs. 0.05 lakh and Rs. 0.34 lakh were paid to the Land Revenue Department in April 1979 and July 1979 respectively for acquisition of two bazars, but the balance of Rs. 0.61 lakh was with the Local Self Government department till the date of audit (August 1979). On this being pointed out in audit, the department stated that the money was drawn with the concurrence of the Finance Department and that the delay in disbursement was due to delay in assessment of the compensation for acquisition of another bazar by the Land Revenue Department. The department further stated (September 1980) that the balance of Rs. 0.61 lakh had been paid to the Land Revenue Department in February 1980.

The moneys had been drawn in both years mainly to avoid lapse of budget grant. The matter was reported to Government in February 1980 ; replies are awaited (May 1981).

FOOD AND CIVIL SUPPLIES DEPARTMENT

3.1.9 Non-recovery of compensation

A private commission agent, engaged by the Food and Civil Supplies Department, lifted essential commodities like rice, sugar and rapeseed oil from the godowns of the Food Corporation of India at Siliguri and from authorised mills against quotas allotted by the Government of India to the State of Sikkim. The commodities were then despatched by the agent from Siliguri through the Sikkim Nationalised Transport (S. N. T.), a departmentally managed commercial undertaking, to different godowns of the department in Sikkim. The transport charges in these cases were payable by the department.

In the godowns, the following shortages in the quantities received as against those mentioned in the road challans delivered by the S. N. T. authorities were noticed.

	<i>Year</i>	<i>Shortages</i> <i>(quintals)</i>	<i>Value</i> <i>(Rs.)</i>	<i>Valuation rate</i> <i>(as per procurement prices)</i>
(i) Rice	1977-78	100.92	15,138	Rs. 150 per quintal
	1978-79	155.55	23,332	
	1979-80	237.70	35,655	
		494.17	74,125	
(ii) Sugar	1977-78	9.04	3,717	Rs. 281 per quintal on an average
	1978-79	3.64		
	1979-80	0.55		
		13.23	3,717	
(iii) Rape- seed oil	1977-78	0.30		Rs. 683 per quintal
	1978-79	2.10	1,640	
		2.40	1,640	

Total value of the shortages : Rs. 79,482.

The department stated that from April 1980 claims in respect of the shortages were being raised and compensation was being received but that claims in respect of the periods prior to April 1980 had not been met by the S. N. T. The department promised a further report which is awaited (November 1980).

The department paid to the S. N. T. Rs. 10.44 lakhs as transportation charges during the period from April 1977 to March 1980 but the value of the shortages, Rs. 0.79 lakh, had not been recovered from the transport bills paid to the S. N. T.

The matter was reported to Government (November 1980); reply is awaited (May 1981).

3.1.10 Supervision charges not recovered

Commodities like salt, soft coke and kerosene oil are brought into the State of Sikkim from outside by authorised dealers on the basis of allotments made by the Food and Civil Supplies Department. The authorised dealers collect the allotted quotas from the authorised agents in India, outside the State. However, wheat is obtained from the godowns of the Food Corporation of India at New Jalpaiguri on the authority of the monthly allotments made by the department and release orders issued by the Food Corporation of India.

According to the rates prescribed by the State Government, the Department is to realise from the dealers supervision charge at the rate of 50 paise per quintal of the commodities except for kerosene oil on which Rs. 36.71 per kilolitre (Rs. 5 per kilolitre from 22nd February 1979) are to be realised. In the case of 37 dealers, however, supervision charges amounting to Rs. 0.48 lakh (as on March 31, 1980) had not been realised. The commodity-wise details of the outstanding amount are given below :

<i>Commodity</i>	<i>Period</i>	<i>Amount Rs.</i>	<i>No. of dealers involved</i>
(i) Wheat	1978-79	11,510	12
	1979-80	3,950	11
		15,460	23
(ii) Salt	1979	665	4
(iii) Kerosene Oil	upto 1979-80	30,421	7
(iv) Soft Coke	upto August '79	1,530	3
	Total	48,076	37

Five dealers had not deposited charges amounting to Rs. 6,395 due since April 1978.

The Department stated (July 1980) that efforts were being made for recovery of the outstanding charges; further report is awaited (May 1981).

The matter was reported to Government (November 1980); reply is awaited (May 1981).

DEPARTMENT OF INDUSTRIES AND LABOUR

3.1.11 Field Level Organisation under the Government Institute of Cottage Industries

- (a) Excessive purchases and poor distribution of raw materials resulting in overstocking.

At the instance of the All India Handicrafts Board (AIHB), the Government Institute of Cottage Industries started a scheme styled as "Field Level Organisation" in 1975-76 to build up a stock of raw materials to meet the requirements of the Institute, the private weavers and the ex-trainees of the Institute for a period of six months. Along with raw materials, the private weavers and ex-trainees were to be supplied tools and implements on credit (and partly on payment in cash) for weaving carpets, blankets, tweeds and other woollen fabrics according to the standard and quality prescribed by the Institute. Recoveries of dues from the beneficiaries, *i. e.*, the weavers/ex-trainees, in respect of materials supplied on credit were to be effected to kind, *e. g.*, by receiving one fully made carpet against supply of raw materials for two carpets, etc. Inspectors of the Institute were to visit the weavers once or twice a month.

During the period from 1975-76 to 1978-79, 22,973 kgs. of raw materials, *viz.*, cotton yarn, woollen yarn, raw wool and dyed woollen yarn, were purchased at a cost of Rs. 6.80 lakhs. But up to March 1979, only 8,403 kgs. of raw materials valued at Rs. 2.25 lakhs had been issued to the beneficiaries and a quantity of 14,570 kgs. valuing Rs. 4.65 lakhs (63 per cent of total

purchases) remained unutilised due to inadequate planning of the scheme. Yearwise and categorywise details of purchases and issues of raw materials are given below :

		<i>Cotton yarn</i>	<i>Woollen yarn</i>	<i>Raw wool</i>	<i>Dyed woollen yarn</i>	<i>Total</i>
1975-76	Opening					
	balance (kg)	—	—	—	—	—
	Purchases (kg)	546	1,000	—	—	1,546
	Issues (kg)	—	100	—	—	100
	Closing					
	balance (kg)	546	900	—	—	1,446
1976-77	Purchases (kg)	417	—	14,010	—	14,427
	Issues (kg)	—	—	—	—	—
	Closing					
	balance (kg)	963	900	14,010	—	15,873
1977-78	Purchases (kg)	1,000	3,000	—	—	4,000
	Issues (kg)	154	234	2,315	—	2,703
	Closing					
	balance (kg)	1,809	3,666	11,695	—	17,170
1978-79	Purchases (kg)	—	—	—	3,000	3,000
	Issues (kg)	686	1,532	3,171	211	5,600
	Closing					
	balance (kg)	1,123	2,134	8,524	2,789	14,570
Total	Purchases (kg)	1,963	4,000	14,010	3,000	22,973
up to	Issues (kg)	840	1,866	5,486	211	8,403
end of	Closing					
1978-79	balance (kg)	1,123	2,134	8,524	2,789	14,570
1979-80	Purchases (kg)	900	—	4,500	—	5,400
	Issues (kg)	936	983	3,900	1,105	6,924
	Closing					
	balance (kg)	1,087	1,151	9,124	1,684	13,046

		<i>Cotton yarn</i>	<i>Wollen yarn</i>	<i>Raw wool</i>	<i>Dyed woollen yarn</i>	<i>Total</i>
1980-81	Purchases (kg)	—	1,000	—	1,000	2,000
(up to	Issues (kg)	292	969	2,050	1,139	4,450
August	Closing					
1980)	balance (kg)	795	1,182	7,074	1,545	10,596
	Opening					
	balance (kg)	—	—	—	—	—
Total	Purchases (kg)	2,863	5,000	18,510	4,000	30,373
	Issues (kg)	2,068	3,818	11,436	2,455	19,777
	Closing					
	balance (kg)	795	1,182	7,074	1,545	10,596

Though purchases were made in 1975-76 and 1976-77, there was no issue of raw materials in these years excepting for woollen yarn, of which 100 kgs. were issued in 1975-76 from the stock of 1,000 kgs. In 1977-78, the opening stock of raw materials was 15,873 kgs. while issues during that year were only 2,703 kgs. Though there was sufficient stock in hand, purchase of 4,000 kgs. of materials was made during the year. Further purchases of 3,000 kgs. were made in 1978-79 but issues in that year were 5,600 kgs. as against the opening stock of 17,170 kgs. Stock thus accumulated, in the absence of corresponding effort at distribution to the weavers/ex-trainees of the Institute. This disproportionate stock-piling of materials also entailed unnecessary locking up of funds (Rs. 4.55 lakhs at the end of 1978-79).

In respect of raw wool, the estimated quantity of purchase was based on the requirement of 75 weaver families of Gangtok and Lachung and the training activity in the Institute. In the 3 months from November 1976 to January 1977 purchase of 14,010 kgs. of material was made, but there were no issues in 1976-77. Even in 1977-78 and 1978-79, the number of weavers to whom

materials were distributed was only 10 and 20 respectively as against 75 envisaged in 1976-77. In 1978-79, survey of prospective weavers and ex-trainee artisans throughout Sikkim, with a view to bringing them under the purview of the Field Level Organisation was contemplated but no such survey was made.

On the above being pointed out in audit (June 1979), the department stated (June 1979) that the materials were required to gear up the programme of Field Level Organisation and to avoid paying higher rates later and lapse of budget grant.

It was further stated (October 1980) by the department that a very limited quantity of the raw materials could be issued during the years 1975-76 to 1976-77 as the initial period of the scheme was spent for creation of posts, appointment of requisite staff for the Field Level Organisation and in locating former trainees spread throughout the State. The department further added that implementation of the scheme was also delayed owing to the absence of a transport vehicle with the Field Level Organisation. In regard to stockpiling of raw materials, the department stated that purchases had been made to build up stock for six months' requirements as recommended by the AIHB Team.

From the figures of purchase and issue of raw materials furnished by the department (October 1980) for the years 1979-80 and 1980-81 (upto August 1980), it however transpires that, while there was an opening stock of 8,524 kgs. of raw wool as on April 1979 and issues made in 1979-80 were only 3,900 kgs. (about 45 per cent of the opening stock), fresh purchases of raw wool were made during the year to the extent of 4,500 kgs., *i.e.*, more than the annual requirement. Further while the opening stock as on April 1980 was 9,124 kgs., the issues in 1980-81 (upto August 1980) were only 2,050 kgs. Similar was the case in respect of cotton yarn, of which 900 kgs. were purchased in 1979-80 while the opening stock for the year was 1,123 kgs. and issues were only 936 kgs., even in 1980-81 while the opening stock was 1,087 kgs. issues of 292 kgs. (upto August 1980) only were made.

(b) The department had stated in June 1979 that it had started a spinning section in the Institute (June 1979) in order to employ skilled spinners without jobs and ex-trainees of the Institute and that it planned to gear up the existing programme. These should have increased the utilisation of raw wool but it was stated that, since the Institute had to restrict itself to only ex-trainees as per Government's direction the benefits could not be extended to the desired number of weavers.

The matter was reported to Government (November 1979); reply is awaited (May 1981).

3.1.12 Money kept out of Government account

Of Rs. 0.75 lakh drawn by the Department for the Hand made paper unit of the Government Institute of Cottage Industry, Gangtok, during the period December 1976 to March 1979, Rs. 0.49 lakh were advanced to two suppliers between January 1977 and May 1979 for purchase of machines and raw materials. The balance amount of Rs. 0.26 lakh, which was stated to be in the personal custody of an official of the department, had increased year by year as shown below :

<i>Year</i>	<i>Amount drawn</i>	<i>Amount disbursed</i>	<i>Balance in hand</i>	<i>Remarks</i>
	Rs.	Rs.	Rs.	
1976-77	21,000	8,793	12,207	Disbursement
1977-78	38,945	31,213	7,732	was made after
1978-79	14,600	8,465	6,135	10 months of drawal.
	<u>74,545</u>	<u>48,471</u>	<u>26,074</u>	

In March 1977, the department drew Rs. 0.12 lakh for purchase of a Vat and Rag Chopper machine but neither disbursement had been made nor had the machine been received by the department so far (June 1981). Rupees 0.07 lakh were drawn in March 1978 for purchase of a Digester machine but the amount has not been

disbursed so far (August 1980). Similarly, while Rs. 0.32 lakh were drawn in March 1978 for purchase of a Hydraulic Press, Rs. 0.31 lakh were disbursed between January and April 1979, after the lapse of 10 months of drawal. The Press was received in July 1979 (details of purchases are given in Appendix 3.1).

There was no necessity for drawal of funds very much before the time of disbursement. Also, it was irregular to keep public moneys out of Government account in the personal custody of an officer.

The matter was referred to the Department of Industries and Labour (June 1979) and the Finance Department in November 1979. The department stated (August 1980) that on getting an assurance from the suppliers of delivery of the machines, and with a view to avoiding lapse of budget provision, the amounts were drawn.

Replies from Government and further developments in the matter are awaited (May 1981).

DEPARTMENT OF PUBLIC WORKS

3.1.13 Compensation for cement short received

The Public Works Department received 50,814 bags of cement up to August 1979, against 61,530 bags despatched by five cement companies as per 25 railway receipts bearing dates between March 1978 and July 1978; the wagons had been loaded at the railway sidings of the respective suppliers. The loss on 10,716 bags received short was Rs.2.35 lakhs. The department did not however press its claims against the Railways nor make a claim on the suppliers but accepted the loss of Rs. 2.35 lakhs to the Government. This was pointed out in Audit (August 1979); the department has not furnished any reply so far (May 1981).

The matter was brought to the notice of Government (September 1980); reply is awaited (May 1981).

DEPARTMENT OF CO-OPERATION**3.1.14 Loss due to irregular advances**

The Sikkim Consumers' Co-operative Society, a substantially Government financed Society (subject to audit by the Comptroller and Auditor General), entered into an agreement (October 1975) with Messers Consumer Products India, Calcutta, under which the Society was appointed as one of the distributors of 'Goghay' toffees and other brands of products of Messers Consumer Products India in the State of Sikkim with effect from November 1975, on a commission of 8 per cent on the sale price paid by the Society to the firm. The final price of sale of the toffees etc. by the Society was to be fixed by the firm. As per the agreement, supplies were to be made by the firm against cash payment. In July 1976, the terms of the agreement were revised and payment of 20 per cent advance to the firm alongwith the supply order was provided for. However, an advance of Rs. 2,730 (being 20% of Rs. 13,650, the value of ten quintals of sweets) was paid on 29th October 1975 to an individual in the firm by name instead of to the firm. A further cash advance of Rs. 5,005 was also made thereafter. Subsequently, on 27th July 1976 a cheque in favour of the firm was made out for Rs. 30,000 to retire documents from the State Bank of India so as to take delivery of goods worth Rs. 20,054. Another advance of Rs. 50,000 was made by the Society on 20th August 1976 under the amended agreement, though a balance of advance of Rs. 13,590 was outstanding; a claim from the firm against further supply for Rs. 12,270 was also pending. Also, there was short supply in a consignment valued at Rs. 13,500 despatched by the firm. No supply order was however placed alongwith the advance for Rs. 50,000.

Under the amended agreement, the Society was to achieve a sale of Rs. 7 lakhs in 18 months. The firm was to pay the salary of a sales representative to be appointed by the Society and also bear the cost of a Jeep to be used by him and he was to get $\frac{1}{2}$ % commission on sales (as personal to him) if they touched Rs. 35,000 per month. The salesman was to send daily report

of sales to the firm. Apparently, the role of the Society under the amended agreement was limited to payment of 20% advance (which too was unsecured) and pay the balance on delivery. Its role in stocking and marketing was not clear. There was no record of sale of toffees by the Society, though it had 18 marketing outlets. No stock taking was done.

Even as early as March 1977, the Executive Director of the Society had recorded that the financial resources of the firm were unsatisfactory; yet unsecured advances were made, and an advance of Rs. 63,590 was outstanding from it as on date (June 1979). On this being pointed out in audit (June 1979), the Executive Director of the Society stated (June 1979) that the chances of recovery were almost nil and that the transactions would entail a loss to the Society. It was also added (April 1981) that no action against anyone involved in the matter had yet been taken.

The matter was reported to Government (March 1980); reply is awaited (May 1981).

SECTION II

RECEIPTS

3.2.1 Trend of major revenue receipts

The figures of revenue receipts as per accounts, during the last three years under the main receipt heads were as follows :

	1977-78	1978-79	1979-80
	<i>(in lakhs of rupees)</i>		
Taxes on Income other than Corporation Tax	18.82	12.11	30.74
Land Revenue	13.26	4.87	11.39
State Excise	1,14.97	1,45.13	1,62.61
Sales Tax	47.36	43.69	54.06
Taxes on Vehicles	5.16	5.63	5.99
Entertainment Tax	2.67	9.10	3.59

3.2.2 Cost of collection of Revenue receipts

The expenditure incurred, as per accounts, on collection of revenue under the receipt heads mentioned above during the last three years was as follows :

Figures in brackets indicate the percentage of cost of collection.

	1977-78	1978-79	1979-80
	<i>(in lakhs of rupees)</i>		
Taxes on Income other than			
Corporation Tax	0.54 (2.9)	0.77 (6.4)	1.25 (4)
Land Revenue	3.32* (25)£	4.74* (97)£	4.10 (36)£
State Excise	3.46 (3)	3.48 (2.4)	3.78 (2.3)
Sales Tax	0.73 (1)	1.11 (2.5)	2.53 (4.7)
Taxes on Vehicles	2.51 (8.6)	1.01 (17.9)£	1.25 (20.9)£
Entertainment Tax	0.08 (3)	0.13 (1.4)	0.20 (5.5)@

The increase in the percentage of cost of collection of Sales Tax in 1979-80 was due to the cost of printing of forms in the Nasik Press and purchase of a new jeep for the department.

DEPARTMENT OF LOCAL SELF GOVERNMENT

3.2.3 Non-recovery of licence fees

Bazars in the State of Sikkim are put to auction periodically and their management and control are vested in the licensees (contractors) selected on the basis of such auction. As per contract, the licensee is required to pay licence fee in four equal quarterly instalments in advance. The licensee is liable to pay interest at the rate of 15 per cent per annum on any unpaid instalment or any portion thereof. The contract also provides for termination of licence and re-auction of the bazar by the Government in case the licensee failed to pay the licence fee for two consecutive quarters.

* Figures for collection charges were not shown in the earlier Reports.

£ Reasons for abnormally high percentage of cost of collection are awaited from Government (May 1981).

@ Reasons for increase in cost of collection are awaited from Government (May 1981).

Mention was made, in paragraph 3.2.3 (i) of the Report of the Comptroller and Auditor General of India for the year 1977-78, Government of Sikkim, about non-realisation of licence fee in the case of 30 contracts pertaining to the contract period 1976-78.

In the course of audit, it was again noticed (July 1979) that, in the case of 6 contracts, licence fee of Rs. 0.51 lakh out of the total recoverable amount of Rs. 0.72 lakh pertaining to the year 1978-79, together with interest thereon, was outstanding (August 1979) from the licensees of six bazars.

When this was pointed out in audit (July 1979), the department stated (August 1979 and February 1981) that a total sum of Rs. 0.26 lakh had since been collected (August 1979 and October 1980), that notices had been served on the defaulting licensees and that, in case of their failure to pay the dues, realisation would be made through the process of law. Further developments are awaited (May 1981).

The matter was reported to Government in February 1980; reply is awaited (May 1981).

INCOME AND SALES TAX DEPARTMENT

3.2.4 Non-levy of penalty and interest

Mention was made in para 3.2.4 (i) and (ii) of the Report of the Comptroller and Auditor General of India for the year 1976-77, Government of Sikkim, about non-levy of (a) penalty at the rate of 20 per cent of the defaulted amount of tax and (b) interest at the rate of 12 per cent per annum for the period of default from the date indicated in the notice of demand, served on the assesseees.

Similar cases of non-levy of penalty and interest were noticed (September 1979) in audit, in which Rs. 3.29 lakhs (in 426 cases) out of the arrear demands of Rs. 21.06 lakhs on 31-3-1978 (as reported by the department in April 1981) were collected during 1978-79. The amount of penalty leviable on the amount of tax collected worked out to Rs. 0.66 lakh. The amount of interest leviable could not be ascertained for want of particulars.

On this being pointed out in audit (September 1979), the department stated (September 1979) that necessary action had been taken and that the outcome would be furnished to Audit. Further report is awaited (May 1981).

The matter was reported to Government in November 1979; reply is awaited (May 1981).

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 Statutory Corporations/Companies

As on 31st March 1980, there were 6 Statutory Corporations/Companies and a Bank as mentioned below :

	<i>Incorporated in</i>
(1) Sikkim Mining Corporation	February 1960
(2) State Bank of Sikkim	June 1968
(3) State Trading Corporation of Sikkim	March 1972
(4) Sikkim Jewels Limited	June 1972
(5) Sikkim Time Corporation Limited	October 1976
(6) Sikkim Livestock Development Corporation Limited	November 1976
(7) Sikkim Industrial Development and Investment Corporation Limited	March 1977

The accounts of the State Trading Corporation of Sikkim and Sikkim Livestock Development Corporation Limited for the year 1979-80 have not yet been finalised (May 1981). The particulars of capital structure, Government investment in the share capital and accumulated profit/loss of Corporations/

AUDIT REPORT 1979-80

Companies and the Bank as at the end of 1979-80 and the working results for the year are given below :

<i>Particulars</i>	<i>Sikkim Mining Corporation</i>	<i>State Bank of Sikkim</i>	<i>State Trading Corporation of Sikkim (1978-79)</i>	<i>Sikkim Jewels Limited</i>	<i>Sikkim Time Corporation Limited</i>	<i>Sikkim Livestock Development Corporation Limited</i>	<i>Sikkim Industrial Development and Investment Corporation Limited</i>
<i>(in lakhs of rupees)</i>							
Capital structure							
Authorised							
Share Capital	100.00	100.00	400.00	50.00	50.00	100.00	100.00
Paid-up capital	57.35	20.38	18.00	7.62	38.00	22.00	31.30
Investment in share capital							
(a) by Government	29.25(a)	13.00	18.00(a)	4.10	38.00	22.00	31.30
(b) by Central Government	28.10	*	—	*	—	—	—
(c) by others	—	*	—	3.52	—	—	—
Working results							
Profit (+)/							
Loss (—)	(—) 9.36	(+) 65.14	(+) 2.27	(+)7.64	(+)2.41	Not finalised	(+)2.06
Accumulated							
Profit (+)/							
Loss (—)	(—) 42.40	(+) 13.14	(+) 21.56	(+)0.29	(+)0.68	do.	NIL

(a) Differs from the investment shown in the Finance Accounts. The difference is under reconciliation.

* Information is awaited.

The following is a list of the names of the persons who have been appointed to the various committees of the Board of Directors of the City of New York for the year 1900:

Committee	Name	Address
Finance	John A. King	110 Broadway
	John W. Adams	110 Broadway
Public Works	John W. Adams	110 Broadway
	John A. King	110 Broadway
Police	John W. Adams	110 Broadway
	John A. King	110 Broadway
Charities	John W. Adams	110 Broadway
	John A. King	110 Broadway
Education	John W. Adams	110 Broadway
	John A. King	110 Broadway
Public Health	John W. Adams	110 Broadway
	John A. King	110 Broadway
Public Safety	John W. Adams	110 Broadway
	John A. King	110 Broadway
Public Administration	John W. Adams	110 Broadway
	John A. King	110 Broadway

The names of the persons who have been appointed to the various committees of the Board of Directors of the City of New York for the year 1900 are as follows:

Finance: John A. King, John W. Adams
 Public Works: John W. Adams, John A. King
 Police: John W. Adams, John A. King
 Charities: John W. Adams, John A. King
 Education: John W. Adams, John A. King
 Public Health: John W. Adams, John A. King
 Public Safety: John W. Adams, John A. King
 Public Administration: John W. Adams, John A. King

3.3.3 Departmentally-managed commercial undertakings

As on 31st March 1980, there were three departmentally-managed commercial undertakings in the State as under :

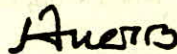
- (1) Sikkim Nationalised Transport
- (2) Wood Working Centre, and
- (3) Government Fruit Preservation Factory

The particulars of capital financed by the Government, the fixed assets and the profits as per the *pro forma* accounts for 1979-80 of Sikkim Nationalised Transport and Government Fruit Preservation factory are given below :

	*Sikkim Nationalised Transport	Government Fruit Preservation Factory
	(in lakhs of rupees)	
Capital financed by the		
Government	3,31.93	67.45
Fixed assets	1,35.58	29.33
Reserve and Surplus	2,65.57	0.64
Profit (+)/Loss (-)	(-) 18.17	(+) 0.64

*Figures are provisional (May 1981).

The figures of Wood Working Centre are not available (May 1981) as *pro forma* accounts have not so far been maintained.



(A. K. DEB)

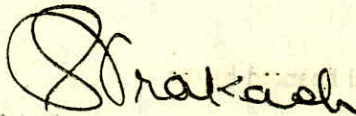
Accountant General, Sikkim

GANGTOK,

The

7 DEC 1981

Countersigned



(GIAN PRAKASH)

Comptroller and Auditor General of India

NEW DELHI,

The

31 DEC 1981

APPENDIX 1.1

Analysis of Revenue Receipts

(Reference : paragraph 1.3, page 3)

	Receipts		Increase (+)
	1978-79	1979-80	Decrease (-)
	(in lakhs of rupees)		
(a) Receipt from the Government of India—			
(i) Statutory grants (Non-Plan) under proviso to Article 275(1) of the Constitution	4,20.52	6,33.51	(+) 2,12.99
(ii) Block grants for State Plan Schemes	14,06.57	16,34.10	(+) 2,27.53
(iii) Grants for Centrally Sponsored Plan Schemes	5,00.18	3,41.56	(-) 1,58.62
(iv) Other Non-Plan grants	11.63	8.82	(-) 2.81
(v) Contributions on account of States' Share of Union Excise Duty	..	8.00	(+) 8.00
Total (a)	23,38.90	26,25.99	(+) 2,87.09
(b) Revenue raised by the State Government—			
(i) State taxes and duties classed as tax revenue	2,26.67	2,83.62	(+) 56.95
(ii) Other non-tax revenue receipts	3,61.71	3,73.14	(+) 11.43
Total (b)	5,88.38	6,56.76	(+) 68.38

APPENDIX 1.2

Expenditure on Revenue Account*(Reference : paragraph 1.4, page 3)*

A. Plan (including Centrally Sponsored and other Schemes)				
Expenditure				
<i>Sector of expenditure</i>	<i>Budget Estimates</i>	<i>Budget Plus Supplementary</i>	<i>Actuals*</i>	<i>Variations</i>
<i>(in lakhs of rupees)</i>				
A. General Services	55.50	56.05	2,50.17 (81.02)	(+) 1,94.12
B. Social and Community Services	1,30.32	1,30.90	1,11.25 (1,90.50)	(-) 19.65
C. Economic Services				
(i) General Economic Services	13.00	13.00	11.52 (11.56)	(-) 1.48
(ii) Agriculture and Allied Services	5,63.76	5,78.01	5,52.63 (4,14.03)	(-) 25.38
(iii) Industry and Minerals	79.20	79.20	51.70 (60.74)	(-) 27.50
(iv) Water and Power Development	98.00	2,03.20	2,07.20 (1,14.10)	(+) 4.00
(v) Transport and Communications	79.85	79.85	91.82 (63.07)	(+) 11.97
Total C-Economic Services	8,33.81	9,53.26	9,14.87 (6,63.50)	(-) 38.39
Total	10,19.63	11,40.21	12,76.29 (9,35.02)	(+) 1,36.08

* The figures within brackets indicate the expenditure during 1978-79.

B. Non-Plan expenditure

<i>Sector of expenditure</i>	<i>Budget estimates</i>	<i>Budget plus Supplementary</i>	<i>Actuals*</i>	<i>Variations</i>
			<i>(in lakhs of rupees)</i>	
A. General Services	3,60.24	3,97.23	3,74.17 (2,87.09)	(—) 23.06
B. Social and Community Services	4,18.16	4,27.33	4,20.05 (2,10.57)	(—) 7.28
C. Economic Services				
(i) General Economic Services	8.70	9.58	8.22 (3.63)	(—) 1.36
(ii) Agriculture and Allied Services	2,84.22	3,06.14	1,93.49 (2,16.70)	(—) 1,12.65
(iii) Industry and Minerals	19.53	19.53	15.39 (14.59)	(—) 4.14
(iv) Water and Power Development	43.25	47.23	49.81 (40.18)	(+) 2.58
(v) Transport and Communications	6,07.79	6,28.10	6,21.26 (5,71.37)	(—) 6.84
Total—C—Economic Services	9,63.49	10,10.58	8,88.17 (8,46.47)	(—) 1,22.41
Total	17,41.89	18,35.14	16,82.39 (13,44.13)	(—) 1,52.75

* The figures within brackets indicate the expenditure during 1978-79.

EXPENDITURE ON
(Reference : Paragraph
Plan expenditure (including Centrally Sponsored and

<i>Sector of Expenditure</i>	<i>Budget estimates</i>	<i>Budget plus supplementary</i>	<i>Actuals*</i>
(1)	(2)	(3)	(4)
	<i>(in lakhs of rupees)</i>		
A. General Services	45.26	72.10	67.51 (52.10)
B. Social and Community Services	1,87.40	1,94.40	1,20.80 (1,44.03)
C. Economic Services			
(i) General Economic Services	11.00	11.00	11.34 (12.23)
(ii) Agriculture and Allied Services	33.24	33.24	22.74 (20.89)
(iii) Industry and Minerals	60.50	60.50	59.99 (49.00)
(iv) Water and Power Development	57.00	71.80	71.07 (54.05)
(v) Transport and Communications	3,68.27	3,88.27	4,03.09 (3,36.13)
TOTAL	7,62.67	8,31.31	7,56.54 (6,68.43)

*The figures within brackets indicate

APPENDIX 1.3

CAPITAL ACCOUNT

1.5 (i), page 5)

other Schemes)

Non-plan expenditure

<i>Variations Excess (+) Less (-)</i>	<i>Budget estimates</i>	<i>Budget plus supplementary</i>	<i>Actuals*</i>	<i>Variations Excess(+) Less (-)</i>
(5)	(6)	(7)	(8)	(9)
	<i>(in lakhs of rupees)</i>			
(-) 4.59	20.00	22.80	7.07 (7.70)	(-) 15.73
(-) 73.60	20.00	20.00	12.68 (19.77)	(-) 7.32
(+) 0.34	—	—	—	—
(-) 10.50	50.00	50.00	30.00 (23.36)	(-) 20.00
(-) 0.51	—	—	—	—
(-) 0.73	—	—	—	—
(+) 14.82	—	—	—	—
(-) 74.77	90.00	92.80	49.75 (50.83)	(-) 43.05

the expenditure during 1978-79.

LOANS AND

(Reference: Paragraph
1977-78)

	<i>Outstanding on 1st April 1977</i>	<i>Loans disbur- sed</i>	<i>Loans reco- vered</i>	<i>Outstanding balance on 1st April 1978</i>
	<i>(in lakhs of rupees)</i>			
(i) Loans for Social and Community Services	Nil	Nil	Nil	Nil
(ii) Loans for Economic Services—				
(a) General Economic Services	19.40	Nil	0.15	19.25
(b) Agriculture and Allied Services	41.55	2.63	3.86	40.32
(c) Industry and Minerals	62.30	6.98	2.58	66.70
(d) Transport and Communications	11.25	7.45	Nil	18.70
TOTAL (ii)	1,34.50	17.07	6.60	1,44.97
(iii) Loans to Govern- ment Servants	22.28	14.38	7.48	29.18
(iv) Loans for Miscel- laneous purposes	63.73	Nil	0.20	63.54
TOTAL	2,20.51	31.45	14.27	2,37.69

Note : Some figures decreased/increased by

ADVANCES

APPENDIX 1.4

1.6, page 7)

1978-79			1979-80		
<i>Loans disbur- sed</i>	<i>Loans reco- vered</i>	<i>Outstanding balance on 1st April 1979</i>	<i>Loans disbur- sed</i>	<i>Loans reco- vered</i>	<i>Outstanding balance on 31st March 1980</i>
(in lakhs of rupees)					
Nil	Nil	Nil	50.00	Nil	50.00
Nil	Nil	19.25	Nil	0.02	19.23
1.35	0.71	40.96	1.61	5.85	36.73
2.25	2.84	66.11	2.80	3.19	65.72
6.00	0.03	24.67	Nil	3.54	21.13
9.60	3.58	1,50.99	4.41	12.59	1,42.81
10.13	2.14	37.17	34.49	10.89	60.77
Nil	0.25	63.29	0.24	Nil	63.52
19.73	5.97	2,51.45	89.14	23.48	3,17.10

Rs. 0.01 lakh due to rounding off.

APPENDIX 2.1

Summary of grants/appropriations and expenditure

(Reference : Paragraph 2.1, page 13)

	Revenue	Capital	Loans and advances	Public debt	Total
(in lakhs of rupees)					
Authorised to be spent (grants and charged appropriations)					
Voted	30,79.81	8,52.67	44.78	..	39,77.26
Charged	37.01	..	0.07	29.81	66.89
Total	31,16.82	8,52.67	44.85	29.81	40,44.15
Supplementary					
Voted	2,43.44	71.44	57.00	..	3,71.88
Charged	0.39	0.01	0.40
Total	2,43.83	71.44	57.00	0.01	3,72.28
Grand Total					
Voted	33,23.25	9,24.11	1,01.78	..	43,49.14
Charged	37.40	..	0.07	29.82	67.29
Total	33,60.65	9,24.11	1,01.85	29.82	44,16.43
Actual expenditure (grants and charged appropriations)					
Voted	31,56.41	8,06.29	89.10	..	40,51.80
Charged	20.27	..	0.05	23.18	43.50
Total	31,76.68	8,06.29	89.15	23.18	40,95.30
Shortfall (—)					
Excess (+)					
Voted	—1,66.84	—1,17.82	—12.68	..	—2,97.34
Charged	—17.13	..	—0.02	—6.64	—23.79
Total	—1,83.97	—1,17.82	—12.70	—6.64	—3,21.13

APPENDIX 2.2

Statement showing excess over grants requiring regularisation*(Reference : Paragraph 2.2, page 22)*

<i>Serial number</i>	<i>Number and name of the grant</i>	<i>Total grant Rs.</i>	<i>Actual expenditure Rs.</i>	<i>Excess Rs.</i>
Revenue Section				
(i)	8-Education Reasons for excess have not been intimated (April 1981)	2,58,15,000	2,64,52,031	6,37,031
(ii)	11-Excise (Abkari) Excess was due to payment of arrears arising out of revision of pay and allowances of the officers and staff.	6,02,000	6,21,439	19,439
(iii)	12-Finance Department Excess was attributed to payment of arrears arising out of revision of pay of officers and honorarium granted to the staff.	7,59,300	8,17,461	58,461
(iv)	17-Motor Vehicles The excess was mainly attributed to payment of arrears arising out of revision of pay of officers and staff.	3,20,000	3,52,921	32,921
(v)	18-Sikkim Nationalised Transport Excess was stated to be due mainly to more expenditure on allowances paid to staff.	2,07,96,000	2,08,99,148	1,03,148
Capital Section				
(vi)	6-Co-operation Excess was stated to be due to release of more interest subsidy to multipurpose credit societies.	10,20,000	10,41,130	21,130
(vii)	17-Motor Vehicles Reasons for excess have not been intimated (April 1981).	7,000	8,200	1,200
(viii)	28-Public Works, Roads, Bridges and Water Supply Excess was attributed to payment of more contractors' bills during the year than anticipated.	4,09,60,000	4,24,72,407	15,12,407

APPENDIX 2.3

Underutilised grants including supplementary provision*(Reference : Paragraph 2.3, page 23)*

<i>Serial number</i>	<i>Number and name of grant</i>	<i>Original grant</i>	<i>Supplementary grant</i>	<i>Expenditure</i>	<i>Saving</i>
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*(in lakhs of rupees)***Revenue Section**

- (i) 5—Local Self Government 51.35 0.07 51.29 0.13
Saving was stated to be due to less expenditure on salary and festival advances than anticipated.
- (ii) 10—Establishment Department 2.96 0.27 2.82 0.41
Saving was stated to be due to less expenditure owing to transfer of officers and staff on winding up of pay fixation cell.
- (iii) 24—Medical and Public Health 1,63.13 7.25 1,66.11 4.27
Saving occurred mainly under “Community Health Works Schemes (C. S. S.)” and ‘Food’ and was attributed to non-availability of suitable candidates for training and less expenditure under ‘Midday Meals’ and ‘Applied Nutrition Programme (C. S. S.)’ owing to non-receipt of bills from suppliers.
- (iv) 27—Press, Publicity and Cultural Affairs 35.30 0.72 31.99 4.03
Saving to the extent of Rs. 1.28 lakhs was attributed to non-appointment of Compositor and Proof Reader due to non-availability of trained persons and non-finalisation of purchase for want of foreign exchange.

<i>Serial Number and number name of grant</i>	<i>Original grant</i>	<i>Supplementary grant</i>	<i>Expen- diture</i>	<i>Saving</i>
<i>(in lakhs of rupees)</i>				

Capital Section

- (v) 14—Other
Expenditure
of the Finance
Department 22.80 5.50 26.22 2.08
Saving occurred under 'Advances to IAS officers' and
was stated to be due to non-receipt of applications for
advance from the officers.
- (vi) 30—Industries
and Labour 66.95 4.30 67.06 4.19
Saving occurred mainly under 'Construction of Building
for I. T. I.' and 'District Industry Centre Building at
Jorethang (C. S. S.)' and was attributed to non-comple-
tion of work due to delay in sanction of estimates and
dispute over land.

APPENDIX 2.4

Trends in provisioning and underutilisation*(Reference : Paragraph 2.7, page 24)***Social and Community Services**

<i>Year</i>	<i>Provision</i>	<i>Expenditure</i>	<i>Saving (—) Excess (+)</i>	<i>Percentage</i>
(1)	(2)	(3)	(4)	(5)
<i>(in lakhs of rupees)</i>				
1977-78				
Revenue	3,70.31	3,36.50	—33.81	—9
Capital	1,49.54	1,53.52	+ 3.98	+3
1978-79				
Revenue	4,92.04	4,01.07	—90.97	—18
Capital	1,84.43	1,63.80	—20.63	—11
1979-80				
Revenue	5,25.31	5,31.30	+ 5.99	+1
Capital	1,80.05	1,33.48	—46.57	—26

Agriculture and Allied Services

<i>Year</i>	<i>Provision</i>	<i>Expenditure</i>	<i>Saving (—) Excess (+)</i>	<i>Percentage</i>
(1)	(2)	(3)	(4)	(5)
<i>(in lakhs of rupees)</i>				
1977-78				
Revenue	5,03.51	4,45.55	—57.96	—12
Capital	1,56.50	1,18.81	—37.69	—24
1978-79				
Revenue	6,67.74	6,30.73	—37.01	—5
Capital	2,16.75	44.24	—1,72.51	—79
1979-80				
Revenue	8,43.11	7,46.12	—96.99	—12
Capital	83.24	52.74	—30.50	—37

Purchases for Hand made paper unit

Appendix 3.1

(Referred to in paragraph 3.1.12, page 45)

Machines/materials	Date of Supply Order	Supplier	Amount drawn and date	Amount paid and date	Balance in hand	Remarks
1. Hydraulic Press	March 1978	Khadi and Village Industries Commission, Dehanu, Maharashtra	Rs. 31,520 (March 1978)	Rs. 31,213 (January-April 1979)	Rs. 307	The machine was received by the department in July 1979.
2. Digester	-do-	-do-	7,425 (March 1978)	—	7,425	
3. (i) Vat and Rag Chopper	January 1977	-do-	9,175 (December 1976)	8,793 (January-March 1977)	382	One set of machine was received in December 1977.
(ii) -do-	-do-	-do-	11,825 (March 1977)	—	11,825	Supplier intimated (December 1979) that Rag Chopper was under manufacture. Department made efforts to procure auto Vat from dealers in Siliguri.
4. Raw materials viz. rayon and hosiery waste and jaconite cloth	N. A.	M/s. Papyrus, Calcutta	14,600 (March 1979)	8,465 (April-May 1979)	6,135	About 50 percent of materials not received.

