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Report of the Comptroller and Auditor General of India for the year 1983-84,
Government of Sikkim.

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GOVERNMENT OF SIKKIM

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

FOR THE YEAR 1983-84

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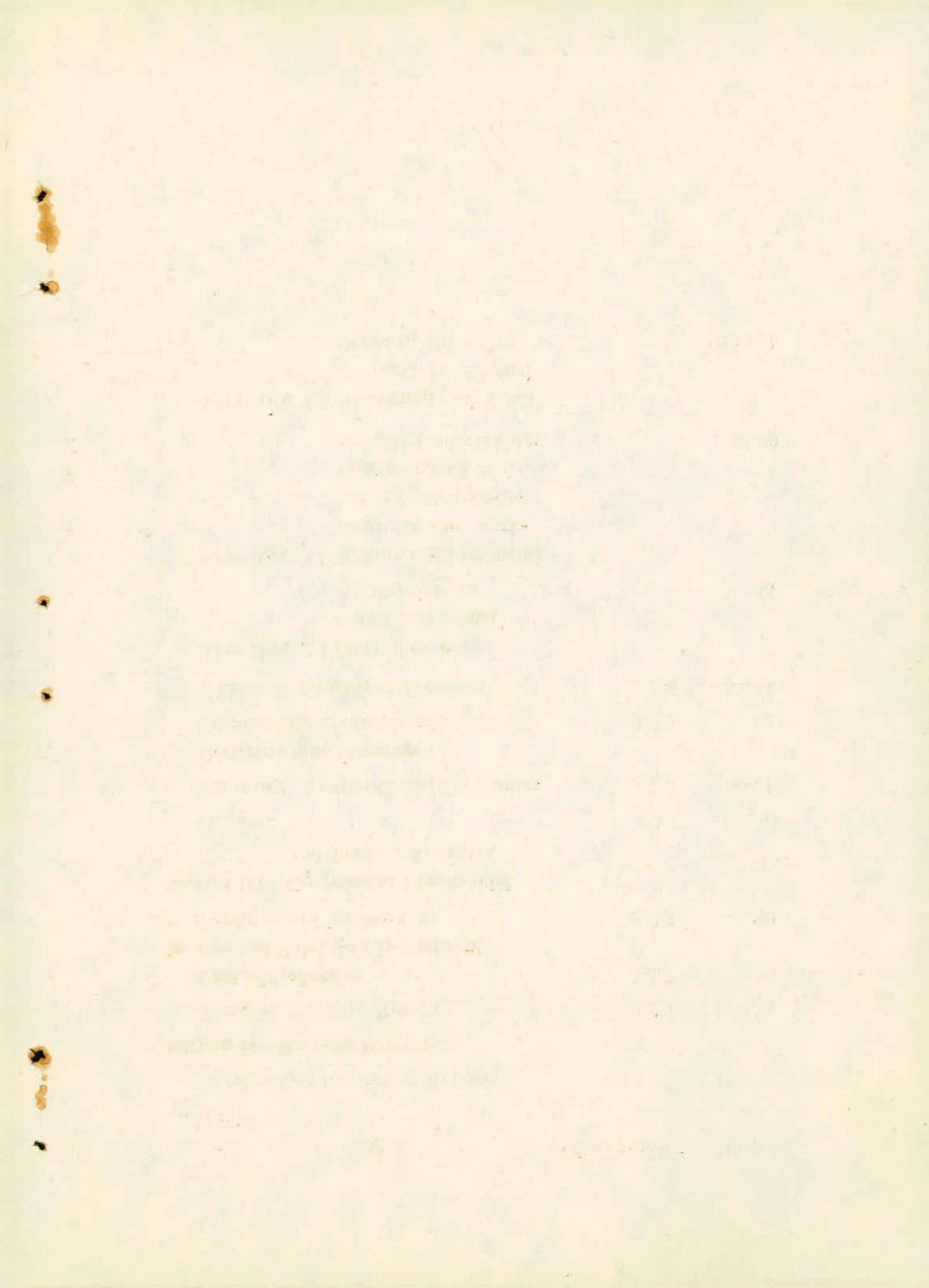
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PREFATORY REMARKS

This Report has been prepared for submission to the Government under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1983-84 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 1983-84.

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 1983-84 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 1983-84 have also been included wherever considered necessary.

AUDIT REPORT 1983-84

CHAPTER I

CHAP
G E N E

Summary of accounts

The summarised position of the accounts of Government of 1983-84 is indicated in the statements following.

I — Statement of Financial position of the Government

LIABILITIES

(Rupees in crores)

As on 31-3-83		As on 31-3-84
	Internal Debt	
	(Market Loans, Loans from L.I.C. & others)	
1.10		2.21
	Loans and Advances from Central Government	21.89
18.11	Pre 1979-80 Loans	3.86
	Non-Plan loans	2.16
	Loans for State Plan Schemes	12.36
	Loans for Centrally Sponsored Schemes	2.36
	Ways and Means Advances	1.15
1.36	Small Savings	1.92
1.15	Deposits	1.37

TER I

R A L

Sikkim emerging from the Finance Accounts for the year
of Sikkim as on 31st March 1984.

ASSETS

(Rupees in crores)

As on 31-3-83		As on 31-3-84
63.36	Gross Capital Outlay on fixed assets	76.73
5.23	Investment in shares of Companies, Corporations, etc.	5.53
58.13	Other Capital Outlay	71.20
3.96	Loans and Advances	4.25
2.78	Development loans	2.27
1.18	Loans to Government servants and Miscellaneous loans	1.98
0.13	Other Advances	0.13
8.85	Suspense and Miscellaneous Balances	5.61

LIABILITIES
(Rupees in crores)

<i>As on</i> 31-3-83			<i>As on</i> 31-3-84
0.43	Reserve Fund Gross	0.89	
	Less investment	0.46	0.43
0.32	Contingency Fund		0.21
1.89	Remittance Balances		3.87
	Overdraft with State Bank of Sikkim		2.63
49.70	Surplus on Government Accounts	49.70	
	<i>As on 31-3-83*</i>		
	Add Revenue surplus during the year	6.79	56.49
80.60			91.02

*Under the Government system of accounting, the revenue surplus or lative position of such surplus or deficit is not ascertainable. The balan plus for drawing up the first statement of financial position which takes

ASSETS*(Rupees in crores)*

<i>As on</i> 31-3-83		<i>As on</i> 31-3-84
	Cash	
	Departmental Cash balance including Permanent Advance, Cash Balance Investment	
4.30		4.30
<u>80.60</u>		<u>91.02</u>

deficit is closed annually to Government Account with the result that cumulating figure as on 31.3.1983 has, therefore, been treated as cumulative sur-the place of Balance Sheet.

II. Abstract of Receipts and
SECTION A**RECEIPTS***(Rupees in crores)*

Revenue Receipts—		
(i)	Tax Revenue	4.77
(ii)	Non-tax Revenue	7.86
(iii)	State's Share of Union Taxes	0.13
(iv)	Non-Plan Grants	8.99
(v)	Grants for State Plan Schemes	21.39
(vi)	Grants for Central and Centrally Spon- sored Schemes	12.94
		<hr/> 56.08

56.08

Disbursements for the year 1983-84
— REVENUE**DISBURSEMENTS**

		<i>Plan</i>	<i>Non-Plan</i>	<i>Total</i>
		<i>(Rupees in crores)</i>		
I.	Revenue Expenditure—			
	Sector			
(i)	General Services	(—) 0.90	7.01	6.11
(ii)	Social and Community Services	4.77	7.82	12.59
(iii)	General Economic Services	0.30	0.10	0.40
(iv)	Agriculture and Allied Services	9.00	5.64	14.64
(v)	Industry and Minerals	0.96	0.24	1.20
(vi)	Water and Power Development	1.32	0.88	2.20
(vii)	Transport and Communications	0.98	11.17	12.15
		<hr/>	<hr/>	<hr/>
		16.43	32.86	49.29
II.	Revenue surplus			
	C/o. to Section—B			6.79
				<hr/>
				56.08
				<hr/>

SECTION B

III.	Open'ng Cash Balance including permanent Advance and Cash Balance Investment		4.30
IV.	Miscellaneous Capital Receipts		—
V.	Recoveries of Loans and Advances		
(i)	From Government servants	0.22	
(ii)	From Others	0.03	0.25

—OTHERS

III. Opening overdrafts		6.54
IV. Capital Outlay—		(ii)
Sector		Central Government
(i)	General Services	1.13
(ii)	Social and Community Services	2.98
(iii)	General Economic Services	0.14
(iv)	Agriculture and Allied Services	0.42
(v)	Industry and Minerals	0.43
(vi)	Water and Power Development	2.63
(vii)	Transport and Communications	5.64
V. Loans and Advances disbursed		(iv)
(i)	To Government servants	0.36
(ii)	To others	0.19
VI. Contingent Fund		0.11

Total: 21.78

VI.	Revenue Surplus brought down		6.79
VII.	Public Debt Receipts		
(i)	Internal Debt other than Ways and Means advance	1.15	
(ii)	Loans and Advances from Central Government	7.66	8.81
VIII.	Public Accounts Receipts		
(i)	Small Savings and Provident Funds	0.71	
(ii)	Suspense and Miscellaneous	33.23	
(iii)	Remittances	28.22	
(iv)	Deposits and Advances	2.21	64.37
IX.	Closing overdrafts		2.63

Total: 87.15

VII. Repayment of Public Debt

(i)	Internal Debt other than Ways and Means Advance	0.04	
(ii)	Repayment of Loans and Advances to Central Government	3.88	3.92

VIII. Public Accounts Disbursements

(i)	Small Savings and Provident Funds	0.15	
(ii)	Suspense and Miscellaneous	29.98	
(iii)	Remittances	26.24	
(iv)	Deposits and Advance	1.99	58.36

IX. Cash balance at end

(i)	Departmental cash balance including permanent advance	0.01	
(ii)	Cash balance investment	4.29	4.30

Total : 87.15

Sources and application of Funds for 1983-84

(Rupees in crores)

I. Sources :

1. Surplus Revenue Account	6.79
2. Increase in Public Debt, Small Savings, Deposits and Ways and Means Advance	5.67
	<hr/> 12.46

Adjustments

Add Reduction in Suspense Balance (+)	3.25	
Add Effect on Remittance Balances (+)	1.98	5.23
		<hr/> 17.69

II. Application :

Capital Outlay	13.37	
Lending for development and other programmes	0.30	
Expenditure against Contingency Fund	0.11	
Decrease in year-end overdraft	3.91	
		<hr/> 17.69

**Audit Comments on the Accounts of the Government of
Sikkim for 1983-84**

1.01 Government accounts being on cash basis, balances shown in the statement of financial position indicate the position on cash basis, as opposed to accrual basis of commercial accounting.

1.02 The abridged accounts in the foregoing statements have to be read with the comments and explanations in the Finance Accounts.

2.01 The net increase of Rs. 10.90 crores in public debt, small savings and deposits, etc. (Rs. 5.67 crores) and remittance and suspense balances (Rs. 5.23 crores) alongwith the revenue surplus of Rs. 6.79 crores was utilised to meet the capital expenditure of Rs. 13.37 crores, disbursement of loans of Rs. 0.30 crore for development and other programmes, expenditure against Contingency Fund of Rs. 0.11 crore and for reducing the overdraft by Rs. 3.91 crores.

2.02 Out of the revenue receipts of Rs. 56.08 crores during the year, Rs. 43.45 crores were from the Government of India as grants for State Plan Schemes, Centrally Sponsored Schemes, Statutory Non-Plan grants and share of union excise duties which constitute 77 *per cent* of the State Revenue receipts. No new tax was levied during the year nor was any change made in the existing tax structure.

2.03 There was substantial under-utilisation of provision under revenue heads. Taking Plan and Non-Plan expenditure together there was under-utilisation of provision of Rs. 3.10 crores (34 *per cent*), Rs. 0.68 crores (5 *per cent*), Rs. 1.65 crores (10 *per cent*) and Rs. 0.68 crore (24 *per cent*) under sectors General Services, Social and Community Development, Agriculture and Allied Services and Water and Power Development respectively.

2.04 Against the provision of Rs. 14.69 crores under Capital heads, the actual expenditure was Rs. 13.37 crores resulting in under-utilisation of Rs. 1.32 crores (9 *per cent*).

3.01 Against the provision for disbursement of loans and advances of Rs. 0.62 crore during the year, actual disbursement was only Rs. 0.55 crore out of which only Rs. 0.19 crore were disbursed as loans for development purposes for Agriculture and Allied Services (Rs. 0.01 crore) and Industries and Minerals (Rs. 0.18 crore). The remaining amount of Rs. 0.36 crore (66 *per cent* of the total loans) was paid as loans to Government servants, etc.

3.02 The actual recoveries of loans and advances was short by 19 *per cent* of the estimates. Against the provision of Rs. 0.31 crore, recoveries actually made amounted to Rs. 0.25 crore.

3.03 At the end of the year loans and advances of Rs. 4.25 crores were outstanding out of which Rs. 1.32 crores (31 *per cent*) were outstanding against Government servants, etc. Rupees 0.66 crore was outstanding against a private firm, which were the erstwhile bankers to the State Government. The amount was to be transferred by the firm to the State Bank of Sikkim for credit to the State Government on the setting up of the Bank in 1968. This was not done and the case for recovery is pending in the Court of Law.

Information regarding overdue amount of arrears of principal and interest has not been received (February 1985) from the departmental officers who maintain the detailed accounts of loans and advances.

3.04 Interest of Rs. 0.34 crore was received from Co-operative Societies on account of loans and advances granted to them. No interest was, however, received against the loans amounting to Rs. 2.82 crores granted to other institutions and bodies during the last six years.

4.01 The debt liability of the Government at the end of 1983-84 was Rs. 27.82 crores which comprised internal debt of State Government, loans and advances from Central Government, Small Savings and Provident Fund, etc. and also non-interest bearing deposits and other liabilities. The borrowings from Government of India were Rs. 21.89 crores (91 *per cent* of the total public debt) and from other institutions Rs. 2.21 crores.

4.02 The Government paid interest of Rs. 1.22 crores on debts during the year. As against this, Government received only Rs. 0.35 crore as interest on loans and advances, investments and dividend. The net burden of interest on State revenues was, thus, Rs. 0.87 crore.

4.03 During 1983-84, Government invested Rs. 0.30 crore in the Sikkim Industrial Development and Investment Corporation and Sikkim Housing Board. The total investment at the end of the year was Rs. 5.53 crores. The dividend from the investment was only Rs. 0.68 lakh. No dividend was received from five companies in which Rs. 2.52 crores stood invested at the end of 1983-84. In one concern (Sikkim Mining Corporation) in which Government had invested Rs. 49.25 lakhs till the end of 1979-80, the accumulated losses at the end of 1980-81 were Rs. 47.44 lakhs.

5.01 Guarantees upto a maximum of Rs. 10 lakhs each were given by the State Government, in August 1975 and in July 1976 to the State Bank of Sikkim, in respect of advance (overdraft) made by the bank to Sikkim Mining Corporation and Sikkim Consumers' Co-operative Society respectively. Though the overdraft given to the Sikkim Mining Corporation had been cleared, the guarantee continued to be outstanding. The amount of outstanding overdraft of the Sikkim

Consumers' Co-operative Society was Rs. 4.79 lakhs as on 31st March 1984. No guarantee was invoked during the year.

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

4.02 The Government paid interest of Rs. 1.22 crores on debts during the year. As against this, Government received only Rs. 0.35 crore as interest on loans and advances, investments and dividend. The net burden of interest on State revenues was, thus, Rs. 0.87 crore.

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CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

1. General

In addition to the summarised position of actual expenditure during 1983-84 against grants/appropriations, the salient points on unnecessary provision of supplementary grants, inadequate, irregular and excessive re-appropriations, substantial savings and excesses over the grants/appropriations and trend of recoveries and credits are mentioned in the succeeding paragraphs.

1.01 The summarised position of actual expenditure during 1983-84 against grants/appropriations is as follows :

	<i>Original grant/ appro- pria- tion</i>	<i>Supple- mentary</i>	<i>Total</i>	<i>Actual Expen- diture</i>	<i>Variation Savings(—) Excesses(+)</i>
	(1)	(2)	(3)	(4)	(5)
	<i>(in lakhs of rupees)</i>				
I. Revenue					
Voted	43,34.73	10,62.36	53,97.09	51,17.25	(—)2,79.84
Charged	1,29.54	22.46	1,52.00	1,51.01	(—) 0.99
II. Capital					
Voted	12,73.67	1,94.83	14,68.50	13,36.66	(—)1,31.84
III. Public Debt					
Charged	82.13	..	82.13	3,91.83	(+)3,09.70
IV. Loans and Advances					
Voted	57.38	5.00	62.38	54.80	(—) 7.58
Total	58,77.45	12,84.65	71,62.10	70,51.55	(—)1,10.55

2.01 Supplementary provision obtained during the year constituted 21.86 *per cent* of the original budget provision as against 9.75 *per cent* in the year preceding.

2.02 Supplementary provision of Rs. 76.52 lakhs obtained in 12 grants proved unnecessary. In 21 other grants and 3 charged appropriations, additional fund required was only Rs. 8,70.90 lakhs against the supplementary grant/appropriation of Rs. 11,55.73 lakhs obtained, savings in each case ranging from Rs. 0.05 lakh to Rs. 93.47 lakhs. In 4 grants and 1 charged appropriation, supplementary provision of Rs. 52.40 lakhs proved insufficient by more than Rs. 0.13 lakh to Rs. 1,29.23 lakhs, leaving an aggregate uncovered excess expenditure of Rs. 1,30.23 lakhs.

2.03 The overall saving was Rs. 5,52.08 lakhs in 37 grants and 4 appropriations. The overall excess (Appendix 2.1) on the other hand was Rs. 4,41.53 lakhs in 11 grants/appropriations requiring regularisation under Article 205 of the Constitution.

2.04 In the following grants, the expenditure fell short by more than Rs. 5 lakhs in each case and also 10 *per cent* of the total provision.

<i>Sl. No.</i>	<i>Description of the grant</i>	<i>Amount of savings</i> (in lakhs of rupees)	<i>Reasons for savings</i>
		(Percentage of provision)	

Revenue—Voted

1. 4 Animal Husbandry 20.14 Saving to the extent of (14) Rs. 10.39 lakhs was attributed to non-receipt of bills from suppliers. Reasons for the remaining savings have not been intimated (October 1984).

2. 12 Other expenditure of the Finance Department	93.11 (70)	Saving of entire provision of Rs. 90 lakhs occurred under Major Head 289—G “Relief on account of Natural Calamities” reasons for which have not been intimated (January 1985).
3. 15 Soil and Water Conservation	32.52 (18)	Saving of Rs. 10.20 lakhs was mainly attributed to non-receipt of claims and late approval/sanction to start the ‘Garland Plantation’ Scheme. Reasons for remaining saving have not been intimated (January 1985).
4. 16 Fisheries and Wild Life	11.45 (26)	Reasons for the savings have not been furnished (October 1984).
5. 19 Police	27.25 (11)	Saving of Rs. 4.56 lakhs was due to late submission of T.A. and house rent bills and non-receipt of bills from contractors (Rs. 1.10 lakhs), less recruitment for armed police (Rs. 1.65 lakhs) and non-implementation of Home Guard Scheme (Rs. 1.81 lakhs). Reasons for the balance have not been intimated (November 1984).

6. 27 Medical and Public Health	45.16 (13)	Saving of Rs. 25.94 lakhs was reported to be due to economy measures (Rs. 4.28 lakhs), non-filling up of posts (Rs. 4.92 lakhs), non-implementation of Health Guide and Mass Media Schemes (Rs. 11.13 lakhs), belated financial sanctions for National Leprosy Control Programme (Rs. 2.57 lakhs), less purchase of Tibetan Medicines (Rs. 1.00 lakh), on account of non-utilisation of Central Funds (Rs. 1.20 lakhs), non-booking of expenditure to the proper head (Rs. 0.60 lakh) and difference due to emoluments paid to male and female multi-purpose workers (Rs. 0.24 lakh). Reasons for balance saving have not been intimated (January 1985).
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Capital—Voted

7. 4 Animal Husbandry	9.35 (42)	Reasons for the savings have not been intimated by the department (October 1984).
8. 16 Fisheries and Wild Life	9.17 (61)	Saving of Rs. 8.99 lakhs was ascribed to partial implementation of the following schemes :—

-
- (i) Setting up of Trout Farm.
 - (ii) Setting up of Carp and Cat Fish Farm.
 - (iii) Setting up of Masheer Farm.
 - (iv) Setting up of ponds for conservation of Reverine Fisheries.
 - (v) Administration office-cum-aquarium. Reason for the balance have not been intimated by the department (November 1984).
- | | | |
|--------------------------------------|---------------|--|
| 9. 19 Police | 6.96
(34) | Reasons for savings have not been intimated (November 1984). |
| 10. 27 Medical and Public Health | 9.54
(22) | Saving of Rs. 8.70 lakhs was stated to be due to slow progress in execution of the works entrusted to the Sikkim Public Works Department. |
| 11. 30 Power | 39.36
(12) | Reasons for the savings have not been intimated (November 1984). |
| 12. 37 Sikkim Nationalised Transport | 26.91
(32) | The total saving in the provision was stated to be due to non-completion of projects by the State Public Works Department for which Funds were placed at their disposal. |

2.05 Some of the schemes under which there were substantial savings on account of non-implementation/slow implementation are shown below :—

<i>Sl. No.</i>	<i>Grants or Appropriations</i>	<i>Name of the schemes</i>	<i>Amount of savings</i>	<i>Percentage of savings</i>
<i>(in lakhs of rupees)</i>				
1. 16	Fisheries and Wild Life	Khangachandzonga National Park (C. S. S.)	11.09	85
2. 26	Local Self Government	Integrated Development of Jorethang Town (C.S.S.)	10.50	100
3. 27	Medical and Public Health	National Leprosy Control Programme	2.57	50
4. 27	—Do—	Welfare of poor and destitute	10.69	93
5. 27	—Do—	Education and Welfare of Handicapped	7.48	87
6. 27	—Do—	National Tuberculosis Control Programme (C.S.S.)	2.18	99
7. 29	Planning and Development	Timely reporting of Crop Statistics (C.S.S.)	1.96	98
8. 30	Power	Other mini/micro Hydel Schemes	18.50	92
9. 30	—Do—	Other distribution Schemes	35.10	32

2.06 Other cases of persistent savings of more than 10 *per cent* of the provision were noticed during last three years are given below :—

Sl. No.	Grants or appropriations	Percentage of savings		
		1981-82	1982-83	1983-84
Revenue				
1.	Animal Husbandry	9.83	24.86	13.61
2.	Other expenditure of the Finance Department	15.11	62.98	36.88
3.	Fisheries and Wild Life	10.70	11.10	25.81
4.	Government Institute of Cottage Industries	13.92	20.13	10.37
5.	Labour Welfare	34.07	2.14	19.17
6.	Planning and Development	28.58	1.06	18.36
Capital				
1.	Cabinet	4.05	33.33	73.33
2.	Establishment	14.29	28.57	14.29
3.	Excise (Abkari)	38.89	66.67	50.00
4.	Fisheries and Wild Life	55.66	45.57	61.34
5.	Home Department	97.08	45.59	18.18
6.	Administration of Justice	95.00	100.00	26.67
7.	Police	17.00	28.33	34.27
8.	Labour Welfare	33.33	33.33	33.33
9.	Land Revenue	57.00	28.00	15.00
10.	Local Self Government	97.54	31.66	25.69
11.	Motor Vehicles	57.14	42.86	57.14
12.	Press Information and Public Relations	32.43	10.81	35.14
13.	Rural Development	42.73	48.00	52.00
14.	Scheduled Castes/ Scheduled Tribes Welfare	50.00	33.33	33.33
15.	Sikkim Nationalised Transport	1.00	36.59	31.75

2.07 In the following two grants/appropriations, the expenditure exceeded the approved provision by Rs. 1,29.23 lakhs to Rs. 3,09.70 lakhs each i.e. by 180 to 377 per cent of the total provision.

<i>Sl. No.</i>	<i>Description of the grants</i>	<i>Amount of excess (in lakhs of rupees) (Percentage of excess)</i>	<i>Reasons for excess</i>
1. 12	Other expenditure of the Finance Department (Capital) Charged	3,09.70 (377)	Excess was mainly on account of adjustment of expenditure relating to previous year under the head 604 Loans and Advances from Central Government; Ways and Means Advances for plan schemes (Rs. 300.00 lakhs) and state loan for state plan schemes, block loans (Rs. 40.43 lakhs) which was not effected in 1982-83.
2. 24	Land Revenue (Revenue)	1,29.23 (180)	Reasons for the excess have not been intimated by the department (November 1984).

2.08 Irregular or inadequate re-appropriation

Re-appropriation was made in 206 cases in all. In 186 cases, the re-appropriation proved to be irregular inasmuch as the re-appropriations proved to be either insufficient or excessive. A few cases where re-appropriation

has resulted in substantial saving/excess are given below :—

<i>Sl. No.</i>	<i>Number of grant</i>	<i>Name of Major head</i>	<i>Amount reappropriated</i>	<i>Excessive (—) Inadequate(+)</i>
<i>(in lakhs of rupees)</i>				
(i)	7	277-A 1(1) (2) Primary Schools	(—)2.95	(+)8.22
(ii)	7	277-A2(2)(2) Govt. Higher Secondary & High Schools	(—)0.78	(—)28.64
(iii)	19	255—Police Ad-Direction and Admn.	(+)0.85	(—)6.57
(iv)	27	288-Social Security and Welfare D1(2)—Women Welfare	(+)0.19	(—)10.84
(v)	37	338-Road and Water Transport Services A1(1) (1) (2)—Ope- ration	(+)3.60	(—)10.34
(vi)	37	538-Capital outlay on Road and Water Transport Services AA1—Road Trans- port	(—)5.00	(—)21.32

2.09 Trend of recoveries and credits

Under the system of gross budgeting, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure; the anticipated recoveries and credits are shown separately below the budget estimates.

The trend of recoveries and credits during 1983-84 was as under :—

<i>Sl. no.</i>	<i>Number and name of grants</i>	<i>Estimated recoveries</i>	<i>Actual recoveries</i>	<i>Comparison with Budget Estimates More(+)/Less(—)</i>
<i>(in lakhs of rupees)</i>				
(i)	30 Power	1,50.00	65.30	(—)84.70
(ii)	33 Roads and Bridges	1,50.00	1,84.33	(+)34.33
(iii)	35 Rural Development	28.00	90.30	(+)62.30

Reasons for shortfall in recoveries under grant No. 30-Power, were attributed to execution of a number of schemes at the far end of the financial year. Excesses under grant No. 33-Roads and Bridges and 35-Rural Development were due to recoveries pertaining to the previous years, made during 1983-84.

2.10 Contingency Fund

A Contingency Fund of Rs. 50 lakhs has been placed at the disposal of the Government to enable them to make advances for meeting unforeseen expenditure, pending authorisation by the Legislature. The advances from the Fund are to be made only to meet expenditure which is of such an emergent character that the postponement of it, till its authorisation by the Legislature, would be undesirable. In all, three sanctions were issued during 1983-84, advancing Rs. 11.50 lakhs (Rs. 1.50 lakhs under Grant No. 18—Administration of Justice, Rs. 10 lakhs under Grant No. 24—Land Revenue). These were not recouped to the Fund till the close of the year.

Advances drawn from the Contingency Fund in earlier years viz; 1980-81 (Rs. 1 lakh), 1981-82 (Rs. 5.20 lakhs) and 1982-83 (Rs. 10.96 lakhs) also remained unrecouped till the end of the year 1983-84.

2.11 The reasons for savings/excess were not intimated by the departments (January 1985) in the following cases:

Sl. No.	Description of grants	Amount of savings(—)/Excess (+) (in lakhs of rupees) (Percentage of Savings/Excess)	Remarks
Revenue—Voted			
1. 4	Animal Husbandry	(—)20.14 (14)	Reasons for the savings of Rs. 9.75 lakhs of the total savings have not been intimated (January 1985).
2. 12	Other expenditure of the Finance Department	(—)93.11 (70)	—
3. 15	Soil and Water Conservation	(—)32.52 (18)	Reasons for the savings of Rs. 22.32 lakhs of the total savings have not been intimated (January 1985).
4. 16	Fisheries and Wild Life	(—)11.45 (26)	Reasons for the savings (except Rs. 0.16 lakh) have not been intimated (January 1985).

5. 19	Police	(—)27.25 (11)	Reasons for the savings (except Rs. 4.56 lakhs) have not been intimated (January 1985)
6. 24	Land Revenue	(+)1,29.23 (180)	—
	Capital		
7. 4	Animal Husbandry	(—)9.35 (42)	—
8. 19	Police	(—)6.96 (34)	—
9. 30	Power	(—)39.36 (12)	—

2.12 Delay in regularisation of excesses of earlier years

The excesses under the various grants/charged appropriations during 1979-80 (Rs. 1,50.46 lakhs), 1980-81 (Rs. 53.64 lakhs), 1981-82 (Rs. 1,94.85 lakhs), 1982-83 (Rs. 1,52.99 lakhs) mentioned in the Reports of the Comptroller and Auditor General of India for the years have not yet been regularised (January 1985).

CHAPTER III

RESULTS OF AUDIT

Section I

Civil Departments

HEALTH AND FAMILY WELFARE DEPARTMENT

3.1.1 Accelerated programme of Welfare for Women and Children and Nutrition programme

Introductory

Government of India, launched, in 1975, a scheme of Integrated Child Development Service (ICDS). The aim is to make co-ordinated efforts for delivering a package of services to children in the age group of 0—6 years and expectant and nursing mothers.

The scheme was implemented in the State from 1975-76 in one ICDS project with one unit each for the South and West districts. A second project in the East and North districts was started in 1978-79.

1.2 The package of services comprised supplementary nutrition, immunisation, health check-up, referral services, nutrition and health education and non-formal education. These services were to be supplemented with Functional Literacy for Adult Women (FLAW). In the selection of projects in the rural areas, priority was to be given to areas pre-dominantly inhabited by Tribes and Scheduled Castes, backward areas, nutritionally deficient areas and areas poor in development of social services.

While the cost of establishing and running ICDS projects in the Central Sector is fully met by the Government of India, the cost of supplementary nutrition is met from State funds under the Minimum Needs Programme except during 1975-76 when Central assistance of Rs. 3.28 lakhs was provided to start the programme. Assistance is also provided by UNICEF in the form of equipment, etc. for implementation of ICDS schemes.

1.3 Administrative set up

The schemes were implemented by the Health and Family Welfare Department under the supervision of Assistant Director (Health)/Deputy Director.

1.4 Budget provision and Expenditure

The budget provision, Central assistance and expenditure in respect of ICDS and FLAW are given below:—

<i>Year</i>	<i>Budget provision</i>		<i>Expenditure</i>		<i>Grants received from Government of India</i>		<i>Unutilised Central Grant</i>	
	ICDS	FLAW	ICDS	FLAW	ICDS	FLAW	ICDS	FLAW
	<i>(in lakhs of rupees)</i>							
1975-76 to								
1979-80	35.54	15.37	30.53	5.96	27.76	8.12	(—)2.77	2.16
1980-81	11.40	2.89	16.32	0.73	11.88	2.27	(—)4.44	1.54
1981-82	7.68	3.00	12.87	0.55	5.76	2.40	(—)7.11	1.85
1982-83	7.68	3.00	13.99	0.45	8.99	2.37	(—)5.00	1.92
1983-84	7.68	3.00	14.37	..	23.54	0.71	9.17	0.71
Total:	69.98	27.26	88.08	7.69	77.93	15.87	(—)10.15	8.18

(Note: (—) indicates excess of expenditure over Central grant).

1.5 Staffing Pattern

ICDS scheme envisaged 100 anganwadies. Each anganwadi was to have one anganwadi worker for rendering services of supplementary nutrition feeding, nutrition and health education and non-formal pre-school education. There was a provision of one child Development Project Officer (CDPO), 100 anganwadi workers, 100 helpers of anganwadi workers, 3 to 5 supervisors of the rank of Mukhya Sevikas as non-health staff, at least one Auxiliary Nurse Midwife (ANM) for a population unit of 5000, one medical officer and two lady health visitors as health staff in a rural ICDS project.

The position of staff as on 31st March 1984 was as under:—

<i>Category of post</i>	<i>Staff sanctioned</i>	<i>In position</i>
CDPO	4	4
Supervisors	20	20
Anganwadi workers	300	280
Doctors	4	4
ANM	24	21

The non-filling of 20 posts of Anganwadi workers was attributed to frequent dropout of the workers.

Though adequate staff was provided, the results achieved could not be measured as no targets were fixed.

1.6 Health Check-up

Health check-up was to be given to all expectant mothers and children under 6 years of age. In ante-natal cases physical and obstetrical examination of women was to be done at least on 4 occasions. For post-natal cases, the Gram Sevikas were to visit mothers at least once within the 1st month after delivery to check general health and well being of the mothers and infants. Children under 6 years of age were to be checked up twice a year in order to detect diseases and mal-nutrition.

No target of beneficiaries under ICDS scheme was fixed. No records to indicate as to how many children and pregnant women were actually checked, were maintained.

1.7 Immunisation

Immunisation of children against diphtheria, whooping cough, tetanus, polio, tuberculosis and typhoid and of expectant mothers against tetanus was to be done in the project area. No target for immunisation was fixed by the department.

It was, however, noticed during test check of records that full course of doses was not administered in the case of DPT and Polio as indicated below:—

Year	D. P. T.				Polio			
	1st dose	2nd dose	3rd dose	Booster dose	1st dose	2nd dose	3rd dose	Booster dose
1977-78	3845	2940	..	..	..	..	..	..
1978-79	5762	3485	588	..	..	..	..	..
1979-80	5948	3776	2201	293	..	..	35	..
1980-81	9083	4477	3471	677	3802	1962	517	..
1981-82	3411	2636	2010	52	5424	4500	2916	8
1982-83	1731	1295	1389	152	1430	1202	1586	..
1983-84	2021	1684	2397	110	1001	1029	284	..

No reasons for not administering subsequent doses in a large number of cases were on record.

1.8 Functional Literacy for Adult Women (FLAW)

The scheme provided for non-formal education to women in age group of 15 to 45 years.

No target was fixed by the department. However, the details of women enrolled and attending classes in each district during the years 1978-79 to 1983-84 showed that average number of women attending classes in an anganwadi ranged between 2 to 24 against about 30 envisaged in the scheme. No reasons for low attendance were on record.

1.9 Nutrition and Health Education

The scheme was to cover all women in the age group of 15-45 years so that they could look after the normal health and nutritional needs of their children. No records regarding the targets and achievements in terms of beneficiaries were maintained.

1.10 Referral Services

In the case of expectant mothers and children with problems requiring specialised treatment, the scheme envisaged provision of referral services. No details of the referral services actually provided were available with the department.

1.11 Supplementary Nutrition Programme

The anganwadies were to provide supplementary nutrition to needy children below 6 years of age and nursing and expectant mothers from low income groups for 300 days in a year. The aim was to supplement nutritional intake by about 200 calories and 8-10 grams of protein per day for children below 1 year, about 300 calories and 15 grams of protein for children per day between 1 to 6 years and about 500 calories and 25 grams of protein per day to nursing and expectant mothers.

The children upto the age of 6 years were to be identified on the basis of their weight. It was, however, seen that all the children irrespective of their health status were registered for nutrition programme. Test check of 3 anganwadies (Mamring, Tadong and Burtak) revealed that the weight with reference to age was recorded only once. The monthly record of weight was not maintained so as to know the nutritional improvement in health status.

As per the scheme, the beneficiaries were to be given food for 300 days but due to road blockage and irregular supply, coverage of nutritional food was 60 per cent up to 1982-83. In 1983-84, the Government decided to purchase the food from Sikkim Flour Mills Limited (SFML). The average rate of supply was approximately 30 per cent as reported by the department. Thus the target of supplementary nutritional programme could not be achieved.

The biscuits for the Mid-day Meal and Supplementary Nutrition Programmes were to be supplied by a firm @25 paise for 30 grams but payment was made @ 30 paise for 30 grams resulting in excess payment of Rs. 0.90 lakh.

1.12 To implement the nutrition programme in 1983-84,

SFML was earmarked for supply of extruded food because UNICEF had given an extrusion plant to the State which was established under the management of SFML. The supply of extruded food was to be started immediately so that the programme might not suffer. It was, however, noticed that no food was supplied from April 1983 to June 1983 and January 1984 to March 1984 and even during July 1983 to December 1983 the supply was not regular affecting the programme.

Against the supply order of Rs. 19.51 lakhs, the supply actually made was to the extent of Rs. 3.41 lakhs.

It was further noticed that Rs. 8 lakhs advanced to SFML remained unrecovered (July 1984).

The rates quoted by SFML for supply of extruded food included transportation charges also. The department, however, placed 2 pickup vans at the disposal of SFML. The pay and allowances of the drivers, which worked out to Rs. 0.13 lakh for the period from July 1983 to March 1984, were borne by the department while the cost of lubricant and labour charges were met by SFML. This resulted in undue benefit to the firm. Besides, the payment to SFML was made @Rs. 10 per kg. against the agreed rate of Rs. 9.50 per kg. resulting in excess payment of Rs. 0.17 lakh during 1983-84. In reply to an audit query the department stated in July 1984 that the recovery would be effected.

1.13 Spill-over of liabilities

As per financial rules, the liabilities of a particular year should be discharged during the same year. It was, however, noticed that for supplies amounting to Rs. 47.49 lakhs and Rs. 25.82 lakhs received during the year 1981-82 and 1982-83

respectively, the liability of Rs. 19.60 lakhs pertaining to 1981-82 was discharged during 1982-83 and liabilities of Rs.12.98 lakhs and Rs. 3.47 lakhs pertaining to 1982-83 were discharged during 1983-84 and 1984-85 respectively. This tended to distort the picture of yearly expenditure on the programme.

1.14 Monitoring and Evaluation

No system of monitoring was developed and no evaluation of ICDS scheme has been done so far (July 1984).

1.15 Summing up

Against Central assistance of Rs. 77.93 lakhs received under ICDS upto 1983-84, Rs. 88.08 lakhs were spent. The excess of Rs. 10.15 lakhs was largely met from the savings under FLAW scheme (Rs. 8.18 lakhs).

As no targets were fixed under 'Immunisation' and 'Health Checkup' schemes, the results achieved could not be measured. In respect of 'FLAW', the number of enrollment was declining, the reasons for which were not available.

No records regarding targets and achievements were maintained under 'Nutrition and Health Education Scheme'.

Details of referral services as envisaged in the scheme in respect of expectant mothers and children requiring specialised treatment were not available with the department.

The coverage of nutritional food supply was irregular and was 60 per cent upto 1982-83 and 30 per cent in 1983-84.

Payment for biscuits (nutritional food for Mid-day meal under SNP) was made @30 paise per 30 grams instead of

@ 25 paise per 30 grams resulting in an excess payment of Rs. 0.90 lakh.

Due to irregular spill-over of liabilities under SNP, the picture of yearly expenditure on the programme was distorted.

No monitoring and evaluation of ICDS scheme was done.

The matter was reported to the Government in July 1984, their reply is awaited (November 1984).

3.1.2 FAMILY WELFARE PROGRAMME

Introductory

The Family Welfare Programme, known till 1977-78 as Family Planning Programme, was introduced in the State during 1976-77 as a Centrally sponsored scheme with a view to check birth rate by sterilisation, intrauterine contraceptive device (IUCD), oral pill and other conventional contraceptives and to take care of mothers and children and giving medicines through Maternity and Child Health Services (MCH).

The programme is implemented in the State through Family Welfare Bureau which is a part of the State Medical and Public Health Department.

A test check of the records relating to the programme was conducted between August-September 1984 at the offices of Family Welfare Bureau. Important points noticed during review are given in the succeeding paragraphs.

2. Outlay, Expenditure and Fixation of targets

Against the Central assistance of Rs. 1,13.52 lakhs released in cash during the period 1977-84, Rs. 92.13 lakhs were spent leaving an unspent balance of Rs. 21.39 lakhs as indicated below :—

Year	Budget provision	Expenditure	Central Assistance				
			Allotment	Released in		Utilised	Balance
				Cash	Kind	In cash	In cash
<hr/>							
	(in lakhs of rupees)			(in lakhs of rupees)			
1976-77	2.34	2.21	N.A.	Nil	0.50	N.A.	N.A.
1977-78	6.34	3.69	6.34	4.67	1.21	3.69	0.98
1978-79	6.40	6.62	12.45	9.33	2.20	6.62	2.71
1979-80	10.54	10.82	10.54	8.78	0.92	10.82	(—)2.04
1980-81	15.07	9.80	15.07	9.47	0.87	9.80	(—)0.33
1981-82	15.07	10.52	16.14	16.02	0.88	10.52	5.50
1982-83	25.05	23.82	35.24	29.66	1.65	23.82	5.84
1983-84	25.05	26.86	53.34	35.59	1.23	26.86	8.73
				113.52	9.46	92.13	21.39

The unspent balance was not refunded to the Government of India. No provision was made in the State Budget for the assistance received in kind and expenditure incurred thereagainst.

No targets were fixed for the various activities to be undertaken under the programme except for IUD for 1978-79, 1982-83 and 1983-84, oral pills for 1978-79 and sterilisation for 1979-80 to 1982-84.

3. Maternity and Child Health Care (MCH) Programme

Expectant and nursing mothers and children are extremely vulnerable to various infections and nutritional deficiencies. Accordingly, effective ante-natal care, appropriate post-natal care, timely immunisation against common infectious

diseases, attention to growth and provision of basic medical care were the main objectives of the MCH programme.

The performance of various activities during 1980-81 to 1983-84 was as follows:—

	Target	Achievement
1. Tetanus Toxoid immunisation for expectant mother	30,000	14,000
2. D.P.T. Immunisation to children	34,000	30,000
3. D. P. Immunisation for children	62,000	35,000
4. Prophylaxis against nutritional anaemia amongst women	60,000	60,000
5. Prophylaxis against nutritional anaemia amongst children	60,000	61,000
6. Control of blindness amongst children due to vitamin 'A' deficiencies	2,40,000	98,000
7. Prophylaxis against nutritional anaemia amongst expectant and nursing mother	Not fixed	38,000
8. Polio	11,000	10,000
9. B.C.G.	23,000	37,000

4.1 Inadequacy of staff contributed to targets not being achieved. Against the sanctioned posts of 14 Medical Officers in 1979-80 and 16 in 1982-83, 6 posts had been lying vacant since 1979-80. Similarly, against the sanctioned strength of 12 Lady Health Visitors and 12 Extension Educators, 4 posts of each were lying vacant (March 1984).

4.2 Training

Auxiliary Nurse Midwife Training School, with intake capacity of 45 trainees, was organised for training of nurses/midwives for a period of 24 months from January 1975.

After successful completion of training, the Auxiliary Nurses and Midwives were to be posted to Public Health Centres, District Hospitals, sub-divisional and other hospitals of the State.

Against the intake capacity of 315, only 188 trainees were admitted during 1975 to 1983, of which there were 34 dropouts. No action has been taken to recover the stipend paid to the dropouts.

5. Non-supply of medicines

Each health guide was to be supplied medicines worth Rs. 50 per month. It was, however, seen that 201 health guides in position at the end of 1982-83 were not supplied any medicines for 6 months during 1983-84 due to non-receipt of medicine from the suppliers, thus depriving the rural masses of the envisaged benefits.

6. Non-utilisation of Medical Instruments

During 1982-83, one Laproscopic instrument worth Rs. 0.32 lakh was received from Government of India in October 1982 and was issued to Sir Thutob Namgyal Memorial Hospital, Gangtok for utilisation. The machine is lying unutilised for want of trained doctor. Despite this, two more were ordered to be purchased with the sanctions of Government and an advance of Rs. 0.94 lakh paid to the supplier during 1983-84. The instruments were yet to be received (January 1985).

7. Other services and supplies

In addition to the assistance in cash, Government of India also made supplies like condoms, loops, oral pills, vaccines, etc. amounting to Rs. 9.46 lakhs during the period from 1976-77 to 1983-84. Upto August 1982, the supplies were received by the Central Medical Store (CMS), Gangtok

and distributed to the various health institutions in the State. Since then, the supplies were received and distributed by the State Family Welfare Bureau.

The quantities sent by the Government of India (GOI) and shown as receipt by the State Government during the year 1982-83 and 1983-84 are shown below :—

<i>Commodities</i>	<i>1982-83</i>			<i>1983-84</i>		
	<i>Quantity</i>			<i>Quantity</i>		
	<i>Sent by GOI</i>	<i>Received by State</i>	<i>Shortage</i>	<i>Sent by GOI</i>	<i>Received by State</i>	<i>Shortage</i>
1. Condoms (Pcs)	16,000	12,000	4,000	39,232	10,000	29,232
2. CUT 200 (Pcs)	400	Nil	400	1,000	Nil	1,000
3. Loop (Pcs)	60	Nil	60	1,000	Nil	1,000
4. Oral Pills (Cycles)	4,000	Nil	4,000	10,000	9,000	1,000
5. D.P. T. (Lakh doses)	0.12	0.12	Nil	0.14	0.10	0.04
6. D. T. (Lakh doses)	0.41	0.08	0.33	0.10	0.10	Nil
7. T. T (Lakh doses)	0.14	0.10	0.04	0.16	0.15	0.01
8. Typhoid (Lakh doses)	0.12	0.06	0.06	0.06	0.06	Nil
9. B. C. G (Lakh doses)	0.29	Nil	0.29	0.21	0.14	0.07
10. Polio (Lakh doses)	0.10	0.09	0.01	0.13	0.12	0.01

11. Iron & Folic Acid

(a) Large (Lakh)	22.50	15.00	7.50	15.00	15.00	Nil
(b) Small („)	21.60	14.40	7.20	14.25	14.25	Nil
(c) Liquid (Lakh doses)	1.12	Nil	1.12	0.75	—	—
12. Vit. A. Sol. (Lakh doses)	1.60	1.00	0.60	1.20	1.20	Nil

Further, 6 Teaching Sets for dais and 50 visual sets supplied in 1981-82, 1 Book, 117 Hand Books for Dais, 45 Manuals for Health Guides supplied in 1982-83, were not shown as received.

Against the supply of 47,344 condoms upto 1982-83, only 13,957 condoms were utilised. No records were maintained regarding the utilisation of anti-typhoid vaccines for the period 1979-83. No records regarding utilisation of BCG and Polio were available upto 1980-81. The department has not maintained proper account of the receipt and issue of the supplies made by Government of India.

Summing up

Against the Central assistance of Rs. 1,13.52 lakhs received upto 1983-84, Rs. 21.39 lakhs remained unutilised.

A Laparoscopic instrument received in October 1982 remained unutilised for want of trained doctor.

Targets fixed under some activities of the MCH programme were not achieved due to a number of posts of medical personnel lying vacant.

Stipend paid to Auxiliary Nurse and Mid-Wives who did not complete their training, was not recovered.

Supplies of material worth Rs. 9.46 lakhs received in kind from Government of India were not properly accounted for.

3.1.3 Extra expenditure

One hundred and thirty nine sets of pedal operated suction machines were purchased from a private company 'A' at New Delhi at a cost of Rs. 3.82 lakhs at the rate of Rs. 2,750 per set on 5th June 1982 without obtaining any quotations. No reasons for making the purchase without calling quotations were on record. There was no urgency for this purchase as 36 sets were lying in stock. Subsequently quotations were called and received on 12th October 1982 from five firms of New Delhi as under:—

Name of the firm	Rate per set
1. Firm 'B'	625
2. Firm 'C'	625
3. Firm 'D'	540
4. Firm 'E'	690
5. Firm 'F'	400

No purchase was actually made on the basis of these quotations.

Purchase of 139 sets from the lowest bidder at Rs. 400 per set would have saved Rs. 3.26 lakhs.

RURAL DEVELOPMENT DEPARTMENT

3.1.4 National Rural Employment Programme

Introductory

'Food for Work Programme' taken up in the State in April 1980, was suitably restructured and renamed as 'National Rural Employment Programme' (NREP) in October 1980. The Programme is intended to take care of that segment of the rural poor which largely depends on wage employment and has virtually no source of employment during the lean agricultural period. The programme was fully financed by the Central Government till March 1981. From April 1981, it was implemented as a Centrally sponsored scheme on 50 : 50 basis between the Centre and the State. The Centre provides its share in the form of foodgrains, to the extent surplus foodgrains are available, and the rest in cash.

The objectives of the programme were to generate additional gainful employment for the unemployed and underemployed both men and women in the rural areas, creation of durable community assets for strengthening rural infrastructure leading to rapid growth of rural economy and steady rise in the income levels of the rural poor and improvement of nutritional status and living standard of the rural poor.

Rural Development Department is entrusted with the implementation of the programme. A State level steering committee was formed in April 1981 for planning, implementing and monitoring of the programme. The separate fund under the Steering Committee for the purpose of implementation was created only in April 1983. Till then, the schemes were formulated and sanctioned by the department. The works were executed in 7 sub-divisions of 4 districts.

During 1980-81, the scheme was implemented only in the Tibetan Refugee Centre at Rabangla. In 1981-82, all the 4 districts were covered. Schemes/works covered under the programme were mainly village roads, school buildings and play grounds.

2. Outlay and expenditure

The details of budget provision, assistance received and expenditure incurred during 1980-81 to 1983-84 are given below :—

Year	Budget provi- sion	Central assistance received		Matching grant by State (Cash)	Expenditure		
		Cash	Kind		Central	State	
					Cash	Kind	
(in lakhs of rupees)							
1980-81	0.21	4.55	7.50	0.21	Nil	N.A.	0.21
1981-82	26.00	8.00	Nil	8.00	5.58	Nil	3.85
1982-83	32.53	11.83	4.17	16.00	10.46	2.58	10.22
1983-84	37.66	10.07	Nil	*16.92	16.89	1.59	18.86
Total	96.40	34.45	11.67	41.13	32.93	4.17	33.14

*Includes 0.13 lakh on account of interest earned.

It will be seen that out of Rs. 79.75 lakhs (excluding Rs. 7.50 received in kind in 1980-81) received during 1980-81 to 1983-84, Rs. 70.24 lakhs were spent on the programme leaving an unutilised balance of Rs. 9.51 lakhs. No records for utilisation of the grant of Rs. 7.50 lakhs received in kind, from the Government of India during 1980-81 were maintained by the department. The Central assistance of Rs. 4.55 lakhs received in 1980-81 was not at all utilised during the year.

3. Shelf of projects

Every district was to prepare a shelf of projects for works to be taken up each year and only the schemes included in the shelf of projects were to be taken up for implementation. The shelf of projects was prepared only from 1982-83 onwards. Out of the 52 schemes test checked, 7 were sanctioned in 1981-82 and the remaining 45 in 1982-84. Of the 45 schemes sanctioned, 22 (estimated cost : Rs. 9.29 lakhs) sanctioned between April 1982 and February 1984 were not included in the shelf of projects. Besides, 5 schemes (estimated cost Rs. 4.06 lakhs) sanctioned in the South District were not included in the shelf of projects of the district in 1982-83. The reasons for taking up works not included in the shelf of projects were not on record.

4. Distribution of Food Grains

Yearwise receipt and utilisation of food grains is indicated below :—

Year	Opening balance	Receipt	Total	Utilisation	Closing balance
<i>(In Metric Tonnes)</i>					
1980-81	Nil	500	500	N.A.	N.A.
1981-82	N.A.	100	100	99.55	0.45
1982-83	0.45	222	222.45	137.45	85.00
1983-84	85.00	220	305.00	209.97	95.03

Only 82 per cent of the 542 MT of food grains received during 1981-82 to 1983-84 were utilised. Against 382.5 MT of food grains released for distribution by the department to various executing agencies during 1980-81, only 206 MT was lifted but in the two reports sent to the Government of India in May and June 1982, the utilisation was shown as 93.6 MT and 212 MT respectively. Further, against 131.5 MT of foodgrains shown to have been issued to one agency, the actual supplies were 211.5 MT. The department has not reconciled the discrepancies (December 1984). No details of food grains received from the FCI during 1980-81 were on record nor had the department made any efforts to obtain the same.

In 8 schemes, against the total requirement of 31.23 MT of foodgrains as per estimates, 39.41 MT were issued resulting in excess issue of 8.18 MT (value: Rs. 0.14 lakh).

5. Creation of assets

No targets for physical achievements were fixed. Rupees 9.95 lakhs were spent in 1982-83 for the works benefiting SCs/STs but achievement in that regard was not shown separately. Though Rs. 3.83 lakhs were spent on social forestry in 1982-83 and Rs. 3.95 lakhs in 1983-84, the physical achievement decreased from 148 hectares in 1982-83 to 32.35 hectares in 1983-84.

6. Maintenance of Assets

On completion of the schemes, the assets were to be handed over to the local Panchayats for maintenance. There was nothing on record to show whether any such arrangements were made, nor was any allocation for maintenance made in the budget as required under the programme.

7. Generation of Employment

The year-wise target and employment generated during 1981-82 to 1983-84 are given below :—

<i>Year</i>	<i>Target</i>	<i>Achievement</i>
	<i>(In lakhs of Mandays)</i>	
1981-82	2.56	1.22
1982-83	2.00	1.80
1983-84	2.66	2.36

The achievements for the years 1982-83 and 1983-84 were, however, reported to the Government of India as 2.26 lakhs and 3.29 lakhs respectively. The shortfall in achievement was due to delay in execution of works.

8. Irregular payment of subsidy

Government approved construction of 20 Gobar Gas Plants in January 1982 for 20 beneficiaries at an estimated cost of Rs. 1.77 lakhs of which Rs. 1.07 lakhs was to be borne by the department under NREP for civil works. The work was to be executed by the department under the overall supervision of Khadi and Village Industries Board. Though according to the norms, the NREP fund had to be utilised for creating community assets only, the department disbursed Rs. 1.10 lakhs as subsidy to the individual beneficiaries during 1981-82 to 1983-84 which was not regular.

9. Other topics of interest

(i) In the case of 24 schemes sanctioned during November 1981 to February 1984 (estimated cost : Rs. 13.63 lakhs) for the construction of village roads, play grounds, school buildings and other miscellaneous works, work orders and completion reports were not available with the result that the correctness of the claims was not susceptible of verification.

(ii) In 28 schemes for which the details of works were available, delays ranging from 3 to 14 months were noticed in 18 schemes. The Deputy District Officer-cum-Secretary of the District level Committee for the East District attributed the delay to heavy rains, land slides and to the rural labourers being small farmers engaged in cultivation of their fields.

(iii) Of the 52 schemes, 3 schemes estimated to cost Rs. 2.50 lakhs related to works in urban areas and not for rural areas as envisaged under the programme.

(iv) The schemes approved by the District level Committees were executed through committees consisting of three or more members of the village selected by the Panchayat. Such committees have been awarded the schemes for implementation as per the estimates. The payments to the committees were made on actual measurement of the works executed. The committees act as the contractors and have to bring capital for execution of works. As the payment to the committees was not made on the basis of labourers engaged, the objective of generation of maximum employment was not fulfilled inasmuch as the committee would execute the works by employing the minimum number of labourers. The mandays shown as generated in running bills were in accordance with the issue of foodgrains or as per estimates and had no connection with the total wages paid at the prevailing rate(s). Division of the total amount of wages, transport and supervision charges by the mandays generated proved that the rates paid to the poor villagers were less by Rs. 1.40 on average than the approved rates. This was also against the guidelines of the programme according to which no middleman or contractor could be engaged.

(v) Though the expenditure on wages on 8 schemes executed during 1982-83 to 1983-84 was less than the estimates by Rs. 10.12 lakh, the mandays exceeded the estimated by 10502.

10. Training

No arrangements for training of field staff was made by the department as envisaged under the programme reportedly due to lack of training institutions in the State. No efforts were made to get the field staff trained in other States.

11. Unadjusted Advance

Out of an advance of Rs. 1.50 lakhs drawn in July 1981 Rs. 0.67 lakh has remained unadjusted against the District Collectors of North District (0.50 lakh), West District (0.10 lakh), East District (0.03 lakh) and South District (0.04 lakh) even after 3 years of their drawal.

12. Progress Reports

Progress reports pertaining to 1980-81 were not furnished to the Government of India. Only one progress report giving utilisation of foodgrains up to March 1981 was forwarded in June 1982.

13. Monitoring and Evaluation

No evaluation of the programme has been made since its inception.

Summing up

Against Rs. 79.75 lakhs (excluding Rs. 7.50 lakhs received in kind), Rs. 70.24 lakhs were spent on the programme leaving an unutilised balance of Rs. 9.51 lakhs. Central assistance of Rs. 4.55 lakhs received in 1980-81 remained wholly unutilised.

Though the scheme was implemented in the State in April 1980, the shelf of project were prepared only from 1982-83. Twenty-two schemes, sanctioned during 1982-84, were not included in the shelf of projects.

No details of foodgrains received from the FCI during 1980-81 were on record. No targets for creation of assets were fixed. There was nothing on record to show that the schemes on completion, were handed over to the panchayats for maintenance.

The employment generated during 1981-84 was 5.38 lakhs against target of 7.22 lakhs mandays.

The delay in completion of 18 schemes ranged from 3 to 14 months. Three schemes, estimated to cost Rs. 2.50 lakhs relates to works in urban areas and not for rural areas as envisaged under the programme.

No arrangement for training of the field staff was made by the department.

Rupees 0.67 lakh drawn as advance in July 1981 has been lying unadjusted (December 1984). No evaluation of the programme has been done since inception.

INTEGRATED RURAL DEVELOPMENT PROGRAMME

3.1.5 Excess payment of subsidy

As per instructions of the Government of India, Integrated Rural Development Programme (IRDP) is a credit linked scheme. All programmes are financed by a combination of subsidy provided by the Government and loans advanced by banking institutions. The subsidy is not payable independently and is linked with bank loans. The subsidy on soil conservation for one acre of land and preparation of one set of compost pits is admissible to the small farmers, marginal farmers and Scheduled Tribes at the rate of 25 per cent, 33 $\frac{1}{3}$ per cent and 50 per cent respectively of the ceiling cost, the ceiling cost being Rs. 2,000 and Rs. 1,000 respectively.

It was, however, seen in audit that in West district, subsidy at a uniform rate of 50 per cent viz., Rs. 1,000 and Rs. 500 was paid for soil conservation and compost pits respectively to all categories of beneficiaries resulting in an excess payment of

Rs. 1.05 lakhs as detailed below :—

<i>Category of beneficiaries</i>	<i>No. of beneficiaries</i>	<i>Amount subsidy admissible</i> <i>Rs.</i>	<i>Subsidy actually paid</i> <i>Rs.</i>	<i>Excess paid</i> <i>Rs.</i>	<i>Total excess payment</i> <i>Rs.</i>
a) For Soil Conservation					
Small farmers	99	500 (25 per cent of Rs. 2,000)	1,000	500	49,500
Marginal farmers	54	666.67 (33½ per cent of Rs. 2,000)	1,000	333.33	18,000
					<hr/> 67,500 <hr/>
b) Compost pits					
Small farmers	124	250 (25 per cent of Rs. 1,000)	500	250	31,000
Marginal farmers	37	333.33 (33½ per cent of Rs. 1,000)	500	166.67	6,166
					<hr/> 37,166 <hr/>

Total (a+b)=Rs. 1,04,666

Similar information in respect of the remaining three districts is awaited (February 1985) from the department.

Further, the subsidy was paid without linking it to bank loans. Instead of bank loan, the labour put in by the beneficiaries was treated as their contribution contrary to the instructions of the Government of India. Also, the authenticity of payments could not be vouchsafed as the certificate that the payment was made to the actual payee on personal identification, as required, was not recorded on the acquittance rolls.

DEPARTMENT OF CULTURAL AFFAIRS

3.1.6 Extra Expenditure

Tenders were invited for the supply of 10 M.T. barbed wire and 1,500 nos. M.S. angles by the State Trading Corporation of Sikkim on behalf of Government in March 1980. The tenders recommended by the department in consultation with the Additional Chief Engineer, Power department stipulated a validity period of 15 days both for barbed wire and M.S. angles. No decision was taken within the validity period. Fresh quotations were called in June 1980. Though the validity period on this occasion was extended by more than nine months up to 15th March 1981, the department conveyed their acceptance of the offer only on 19th March 1981. The supply order was, therefore, not accepted by the supplier. He demanded 20 *per cent* increase over his quotation which was accepted by the department. This resulted in extra expenditure of Rs. 0.71 lakh.

DEPARTMENT OF EDUCATION

3.1.7. Reported fraudulent drawal

In January 1984, in a local daily, there was a report of fraudulent drawal of Rs. 10 lakhs in the Education Department. No report regarding the fraud, as required under the Sikkim Financial Rules, was sent to the Accountant General. On the matter being taken up with the Government, it was stated by the Secretary, Department of Education in April 1984 that the

records were with the State Vigilance Department. It was further stated that the Department was, in fact in complete darkness in regard to this case and the persons involved. The fraudulent drawals, reportedly made through fictitious bills, could not also be checked by Audit independently for want of information about sanctioned strength of different cadres in the Education Department, though the matter regarding staff strength had been taken up with the Government as far back as on September 1983 followed by reminders. There has been no response (January 1985).

DEPARTMENT OF FOREST

3.1.8. Loss of Cardamom

A scrutiny of stores account in the Forest Central Stores revealed that 19,775 Kgs. of dry, cured and finished cardamom was received from departmental plantation between 23rd August 1982 and 20th January 1983.

However, while delivering the cardamom to the buyer at an auction on 31st January 1983, the entire stock delivered was only 12,695 Kgs. The loss of 7,080 Kgs. at the auction price, works out to Rs. 1,07,616. Government stated in February 1985 that during investigation of the matter the relevant records were found untraceable. No action to fix responsibility for the loss of records has been taken. The loss has not been written off so far (February 1985).

POWER DEPARTMENT

3.1.9 Loss due to non-preference of claim with Railways

At the instance of Power Department, State Trading Corporation of Sikkim (STCS) placed on 20th December 1979 an order with a Calcutta based private company for supply of one Diamond-Core-Drilling Machine with requisite accessories at a c.i.f. price of Rs. 2.14 lakhs from their Bombay works. The

department took delivery of the consignment at New Jalpaiguri on 28th August 1980 and noticed a shortage of drill-bits worth Rs. 0.32 lakh. It took more than 2 months to send a final report of the loss to the STCS, who could not submit a claim to the Railway authorities within the permissible period, resulting in a loss of Rs. 0.32 lakh.

3.1.10 Heavy loss due to lacunae in purchase procedure

Under Financial Rules, purchases costing more than Rs. 1 lakh are normally made through the State Trading Corporation of Sikkim (STCS). It was observed that no system for effecting the purchases and giving directions to the indentors on account of materials and reporting shortages, etc. was devised. This resulted in non-inclusion of certain basic and important clauses like terms of payments, mode of pre-shipment inspection and imposition of penalty on the supplier for non-adhering to the delivery schedule, etc. in the purchase order besides lack of proper co-ordination between the STCS and the indenter.

An instance where the Power Department suffered heavy monetary loss due to lacunae in the purchase order is given below :—

An order was placed on a firm of Calcutta in October 1979 for purchase of 1,000 Kms. of conductors at a total cost of Rs. 32.88 lakhs which was subsequently enhanced to Rs. 38.99 lakhs on a request from the firm due to price escalation in raw materials. However, security deposit @ 2 per cent amounting to Rs. 0.66 lakh was deposited by the firm only on the original value of the supply order. The additional security deposit of Rs. 0.12 lakh due on the enhanced value of the order was not insisted upon. Besides, the purchase order did not specify—

- (i) the mode of pre-shipment inspection of the supplies;

-
- (ii) the authority that was to conduct such inspection and
 - (iii) the mode of payment.

The STCS paid 90 *per cent* of the cost of supplies against proof of despatch and the balance 10 *per cent* after the supplies had been received by the department. The STCS conducted a test check with reference to the manufacturer's test certificates for the first two consignments only. In October 1980, when most of the materials had been received the department noticed certain discrepancies regarding packing numbers and length and width indicated on the wooden drums and reported the same immediately to the STCS. By the end of April 1981, after verifying the receipts, the department assessed the total shortage of 144.08 Kilometres of conductors valuing Rs. 5.93 lakhs. This short supply was reported to the STCS in May 1981. The STCS took up the matter with the firm 'A' in the same month. However, there was no response from the firm 'A'. Registered letter addressed to the firm was returned undelivered by the postal authorities with the remarks that the addressee had left. The STCS stated in September 1983 that a legal notice would be issued to firm for recovering the cost of short supplies and that the total dues of the firm amounting to Rs. 1.65 lakhs (security deposit Rs. 0.66 lakh and balance due on their bills Rs. 0.99 lakh) were being withheld.

The lacunae in the purchase order in the matter of pre-shipment inspection and its linkage to payment caused a loss of Rs. 5.34 lakhs.

3.1.11 Excess payment of Rs. 1.69 lakhs for goods not received

The STCS placed an order on firm 'A' of Calcutta in October 1980 for the supply of 60 tonnes of I.S.I. specifications G. I. Guywire valued at Rs. 3.92 lakhs.

The order was required to be executed by 18th January 1981. The firm supplied 64.012 M. T. valuing Rs. 4.25 lakhs. The materials were not inspected by the department prior to delivery.

The department intimated the STCS in October 1982 that it had actually received only 32.922 M. T. of materials, valuing Rs. 2.19 lakhs, leaving the balance as short receipt and rejected stores. The firm had already been paid by the STCS Rs. 3.96 lakhs between December 1980 and February 1981 on the basis of its bills. This involved an excess payment of Rs. 1.69 lakhs being the value of short receipt and rejected goods.

No claim for recovery was lodged with the firm (March 1983). The STCS stated in May 1984 that a legal notice had been issued to the firm on 23rd May 1984. Final reply is awaited.

The matter was reported to Government in July 1984, their final reply is awaited (December 1984).

GENERAL

3.1.12 Outstanding Inspection Reports

(i) Audit observations on financial transactions containing irregularities and defects in initial accounts noticed during local audit and not settled on the spot are communicated to heads of departments/offices/undertakings through Inspection Reports for corrective action.

Thirty five inspection reports containing 250 paragraphs issued upto 31st March 1983, which were to be replied to by the departments by the end of September 1983 remained outstanding at the end of March 1984.

(ii) Year-wise analysis of outstanding Inspection Reports alongwith their money value is given below :—

<i>Year</i>	<i>No. of Inspection Reports</i>	<i>No. of paras</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
Upto			
1978-79	13	94	2,92.14
1979-80	8	47	6,52.04
1980-81	5	74	1,83.17
1981-82	6	27	4.17
1982-83	3	8	14.75
Total :	35	250	11,46.27

(iii) The following departments/units/undertakings had comparatively heavy outstanding inspection reports containing 206 paras with monetary value of objections till 31st March 1984 being Rs. 11,27.64 lakhs.

<i>Sl. No.</i>	<i>Department/Unit</i>	<i>Year of accounts</i>	<i>Date of issue</i>	<i>No. of paras</i>	<i>Amount</i> <i>(in lakhs of rupees)</i>
1.	Sikkim Nationalised Transport	1978-79	12.8.80	12	1,96.39
		1979-80	4.1.82	5	74.91
		1980-81	21.7.83	5	2.93
2.	State Trading Corporation of Sikkim	1979-80	5.3.82	23	5,10.15
3.	Excise Department (State) (Receipts and Refunds)	1.11.76 to 31.3.78	19.4.79	25	9.02
4.	Director of Agriculture	1975-76 to 1976-77	19.1.79	15	26.53
5.	Animal Husbandry Department	1978-79 to 1980-81	10.11.82	4	5.54
				25	98.67

6. Education Department	1978-79		9	2.13
	to 30.4.83			
	1980-81		18	59.00
7. Co-operation Department	26.4.75			
	to			
	30.11.80	16.5.81	4	14.35
8. (a) Department of Local Self Government (Expenditure)	1975-76			
	to			
	1978-79	7.2.80	7	13.95
(b)-do-(Receipt)	26.4.75			
	to			
	31.3.76	26.10.76	4	9.31
9. Department of Income Tax (State) (Receipts & Refunds)	1977-78	12.2.79	5	24.77
	1978-79	16.11.79	2	1.70
10. Wild Life Directorate	1.12.76			
	to			
	30.6.80	3.7.81	6	37.96
11. Public Works Department	1979-80	23.10.82	2	3.20
12. Food & Civil Supplies Department	4.4.77			
	to			
	31.3.80	30.11.80	5	2.32
13. Finance Department	1975-76			
	to			
	1981-82	15.1.83	5	3.27
14. Sikkim Live Stock Development Corporation Limited	1979-81	28.5.83	25	22.56
Total :			206	11,27.64

No replies have been furnished for settlement of the audit observation despite reminders to the concerned departments.

(iv) An analysis of the outstanding paragraphs of Inspection Reports of some of the major offices/units (Sikkim Nationalised Transport, State Trading Corporation of Sikkim, Sikkim Live Stock Development Corporation Limited, Agriculture, Animal Husbandry, Education) pertaining to certain major departments, disclosed the following broad categories of objections which were pending settlement till 31st March 1984.

	Monetary value (in lakhs of rupees)
(i) Outstanding advances/dues to be recovered	4,91.03
(ii) Expenditure without sanction	59.38
(iii) Over payment	0.08
(iv) Irregularities, Losses/ Misappropriation of cash/stores	6.90
(v) Purchase of defective materials	2.31
(vi) Shortage of materials	4.66
Total :	<u>5,64.36</u>

SECTION II

REVENUE RECEIPTS

3.2.1 Trend of Revenue Receipts

The total receipts of the Government of Sikkim for the year 1983-84 were Rs. 56,07.65 lakhs, as against the anticipated receipts of Rs. 53,67.25 lakhs. The total receipts during 1983-84 showed an increase of 24.03 *per cent* over those in 1982-83 (Rs. 45,21.16 lakhs). Of the total receipts of Rs. 56,07.65 lakhs, revenue raised by the State Government amounted to Rs. 1263.54 lakhs, of which Rs. 4,77.48 lakhs represented 'tax revenue' and the balance Rs. 7,86.06 lakhs 'non-tax revenue'. Receipts from the Government of India (Rs. 43,44.11 lakhs) accounted for about 77 *per cent* of the total receipts during the year, as against 75 *per cent* of the total receipts for the year 1982-83.

3.2.2 Cost of collection

Receipts from major sources of revenue along with cost of collection during the years 1981-82 to 1983-84 are given below :—

<i>Head of account</i>	<i>Year</i>	<i>Gross collection</i>	<i>Expenditure on collection</i>	<i>Percentage of expenditure to gross collection</i>
<i>(in lakhs of rupees)</i>				
1. Taxes on Income	1981-82	37.30	1.70	4.56
Other than	1982-83	49.67	1.92	3.87
Corporation Tax	1983-84	1,00.18	1.95	1.95
2. Land Revenue	1981-82	11.29	28.09	2,48.80*
	1982-83	4.35	18.65	4,28.74*
	1983-84	4.30	16.09	3,74.19*
3. State Excise	1981-82	1,91.74	4.32	2.25
	1982-83	2,02.78	5.91	2.91
	1983-84	2,33.80	6.47	2.77
4. Sales Tax	1981-82	71.35	1.61	2.26
	1982-83	83.75	3.02	3.61
	1983-84	92.13	3.50	3.80
5. Taxes on vehicles	1981-82	7.65	1.48	19.35
	1982-83	6.68	1.75	26.20
	1983-84	9.11	2.10	23.05
6. Entertainment Tax	1981-82	6.49	0.31	4.78
	1982-83	7.96	0.26	3.27
	1983-84	12.80	0.37	2.89

*The expenditure incurred under 'Land Revenue' does not pertain solely for collecting revenue as the department has several other administrative functions also.

INCOME AND SALES TAX DEPARTMENT

3.2.3 Non-recovery of income tax

The Indian Income Tax Act, 1961 has not been extended to the State of Sikkim so far. The Sikkim Income Tax Law continues to be in force thereby virtue of Article 371 F(k) of the Constitution of India. As per the notification issued by Government of Sikkim on 21st December 1973, any authority responsible for paying any sum to any contractor for any work done within Sikkim, in pursuance of a contract between the contractor and the Sikkim Government, shall at the time of payment thereof deduct an amount equal to two *per cent* of such sum as income tax and pay that amount within 30 days from the date of deduction, to the credit of Sikkim Government. But, no such recovery on account of income tax was effected from the bills of the contractors/suppliers engaged by the Education Department during the period from 5th October 1978 to 12th September 1981. The omission resulted in income tax amounting to Rs. 12,838 not being realised.

The matter was reported to the Government in April 1983; their reply is awaited (January 1985).

SECTION III GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

3.3.1 General

This Section deals with the Statutory Corporations, Companies and departmentally-managed commercial undertakings.

3.3.2 Statutory Corporations/Companies

As on 31st March 1984 there were three Statutory Corporations in the state viz. (i) Sikkim Mining Corporation (incorporated in February 1960), (ii) State Bank of Sikkim (incorporated in June 1968) and (iii) State Trading Corporation of Sikkim (incorporated in March 1972) under the respective Acts, viz. proclamations of the former Maharaja of Sikkim respectively. The total investment of the State Government in these Corporations was Rs. 61.25 lakhs besides Rs. 28.10 lakhs invested by Government of India. As per provisions of the respective Acts, the accounts of these Corporations are to be audited by Chartered Accountants appointed as auditors by the Boards of the Corporations.

There were five Companies in the State as on 31st March 1984, incorporated under the Registration of Companies Act, Sikkim, 1961 in which the investment of the State Government aggregated Rs. 2,57.45 lakhs. The accounts of these Companies are audited by Chartered Accountants appointed by these Companies as per provisions in the Memorandum and Articles of Association. The names of the Companies, their date of incorporation alongwith the total paid-up capital and State Government's investment therein as on 31st March, 1984 were as detailed below :

<i>Name of Company</i>	<i>Date of incorporation.</i>	<i>Total-paid-up capital</i>	<i>State Government's investment.</i>	<i>Percentage of investment by State Government</i>
(1)	(2)	(3)	(4)	(5)
<i>(Rupees in lakhs)</i>				
1. Sikkim Jewels Limited	June 1972	11.58	6.15	53
2. Sikkim Time Corporation Limited	October 1976	52.00	52.00	100
3. Sikkim Live Stock Development Corporation Limited	November 1976	33.00	33.00	100
4. Sikkim Flour Mills Limited	June 1980	75.00	75.00	100
5. Sikkim Industrial Development and Investment Corporation Limited	March 1977	1,51.30*	91.30	60
Total		322.88	257.45	80

Note : *Investment of Industrial Development Bank of India in the paid-up capital is Rs. 60 lakhs till 31st March 1984.

3.3.3 Departmentally-managed commercial Undertakings

As on 31st March 1984, there were four departmentally-managed commercial Undertakings in the State as under :—

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

The accounts of Sikkim Nationalised Transport for the year 1983-84 had not been finalised so far (February 1985).

A synoptic statement showing the summarised financial results of the Undertakings, based on the latest available accounts, is given in Appendix 3.1.

3.3.4 Sikkim Nationalised Transport

3.3.4.1 Introduction

The Truck Department of the erstwhile Government of Sikkim set up in 1944 to ply services on routes to be nationalised was renamed as Sikkim State Transport Services in 1951-52. The Service was made a permanent Department of the Government of Sikkim in 1955-56 and renamed as the Sikkim Nationalised Transport (SNT).

SNT operates both passengers and goods services. It also operates inter-State Service to West Bengal.

In February 1975, Government constituted a Board to ensure efficient functioning of the SNT. The Board was reconstituted in August 1979 by Government; a Chairman was appointed in August 1979 and a Secretary also was in position from May 1980. The Board last met in June 1979. The Department stated (December 1983) that the Board's meetings are held as and when desired by the Chairman. No meeting had been held after June 1979 as yet (February 1985).

The General Manager stationed at Gangtok is the Chief Executive and is responsible for overall administration.

As on 31st March 1983, there were four operating depots at the following places :

- (i) Gangtok (with sub-depots at Rhenock, Rongli and Mangan);
- (ii) Rangpo (with sub-depot at Singtam);
- (iii) Jorethang (with sub-depots at Sombaria, Gayzing, Legship, Namchi and Melli); and
- (iv) Siliguri

There were also booking agents at Kalimpong, Darjeeling and Pakyong, who are private parties engaged on commission basis.

Besides a Central Workshop at Gangtok, there are maintenance units, one each at Gangtok, Chandmari, Rangpo and Jorethang.

3.3.4.2 Capital structure

The fund provided by Government of Sikkim from 1978-79 to 1982-83 amounted to Rs. 567.69 lakhs against which an expenditure of Rs. 459.90 lakhs was incurred by the SNT by way of acquisition of fixed assets.

3.3.4.3 Working results

A firm of Chartered Accountants of Calcutta had been appointed from time to time both for compilation of accounts and audit thereof for the years from 1975-76 to 1982-83 (on a consolidated fee of Rs. 8,500 per year), as SNT's own Accounts Department had not been streamlined so far (February 1985).

During the year 1975-76 the SNT sustained loss of Rs. 21.03 lakhs; the loss was neutralised in 1976-77 leaving a surplus of Rs. 3.32 lakhs.

The working results of the SNT for the subsequent five years up to 1982-83 were as under (the *proforma* accounts for the year 1983-84 were yet (February 1985) to be finalised):

	1978-79	1979-80	1980-81	1981-82	1982-83
(in lakhs of rupees)					
Operating revenue	211.41	227.65	265.94	333.16	384.39
Operating expenses	199.36	231.20	306.07	369.65	427.43
Surplus(+)/ Deficit(—)	(+)12.05	(—)3.55	(—)40.13	(—)36.49	(—)43.04
Non-operating revenue	1.41	2.53	1.09	2.83	13.23
Non-operating expenses	14.28	16.06	36.23	25.54	32.74
Surplus(+)/ Deficit(—)	(—)12.87	(—)13.53	(—)35.14	(—)22.71	(—)19.51
Total revenue	212.82	230.18	267.03	335.99	397.62
Total expenses	213.64	247.26	342.30	395.19	460.68
Loss	0.82	17.08	74.46*	59.20	63.06

*Including prior period adjustment credit balance of Rs. 0.81 lakh.

There was surplus of Rs. 18.74 lakhs in 1977-78. It may be seen from the above table that it suffered loss again from 1978-79 onwards and loss during 1980-81 to 1982-83 was substantial. The SNT stated (December 1983) that the increasing trend in loss was due to the increasing expenditure of operational and of non-operational nature such as interest on capital, depreciation on fixed assets, provision for doubtful debts, loss on sale of vehicles, *etc.*

The main source of income of SNT was from its goods services. However, no profit or loss accounts, either route-wise or separately, for passenger and goods services were being prepared and as such the per kilometre actual expenditure for passenger and goods services could not be compared with the actual per kilometre operating revenue receipts for these services. Accordingly the profitability, separately of passenger and goods transport service, workshops, *etc.* could not be assessed. The Management stated (December 1983) that route-wise profit and loss accounts could not be maintained as the same would be of no use. They, however, stated that profit and loss accounts separately for passenger and goods services was being maintained from 1983-84 and they further stated that they were trying to streamline the accounts organisation, which had, however, not yet been done (February 1985).

3.3.4.4. Fleet position

The following table shows the number of vehicles held and the number actually operated as on 31st March of the five years up to 1982-83 :

	1978-79	1979-80	1980-81	1981-82	1982-83
Number of buses held	58	68	73	73	88
Actually operated (average)	55	59	63	65	70
Percentage of utilisation	93	87	86	89	80
Number of trucks held	94	109	134	134	141
Actually operated (average)	93	108	130	130	136
Percentage of utilisation	99	99	97	97	96

The shortfall in utilisation of vehicles had not been analysed by the Management (February 1985).

The normal life of a bus/truck has been prescribed by the Management as 7 years. The following table indicates the age-wise composition of vehicles as at the end of 31st March 1983 :

<i>Age of Vehicles (in years)</i>	<i>Buses</i>	<i>Trucks (in numbers)</i>	<i>Total</i>
(i) Above 8 but not exceeding 12	10	43	53
(ii) 5 to 8	16	15	31
(iii) Upto 5	62	83	145
Total :	88	141	229

The percentage of vehicles which completed eight years as on 31st March 1983 was 13.7 and 32.1 in respect of buses and trucks respectively.

The number of vehicles which were being operated, even after the completion of their normal life of 7 years, as on 31st March 1983, was as under :—

	<i>Number of vehicles</i>	<i>Percentage to the total number of vehicles held.</i>
Buses	10	14
Trucks	30	22

The Management stated (May 1982) that a vehicle would be kept in fleet till it became totally unserviceable without regard to age and performance.

The Management further stated (December 1983) that use of vehicles, after the expiry of their normal life, resulted in the increase in operational cost. However, excess operational cost involved could not be worked out in the absence of relevant records.

3.3.4.5 Operational efficiency

The following table gives the details of operation of both passenger and goods transport services during the five years upto 1982-83 :—

	1978-79	1979-80	1980-81	1981-82	1982-83
A. Passenger services					
(i) Number of depots	4	4	4	4	4
(ii) Number of routes	25	26	28	30	32
(iii) Route length (in Kilometres)	1944	2025	2025	2025	2025
(iv) Average route distance (in kilometres)	78	78	72	72	72
(v) Number of vehicles held	58	68	73	73	88
(vi) Average number of vehicles on road	55	59	63	65	70
(vii) Number of vehicles off-road	3	9	10	8	18
(viii) Gross kilometres operated (in lakhs)	10.23	11.96	15.05	16.63	18.92
(ix) Effective kilometres operated (in lakhs)	10.03	11.73	14.76	16.29	18.54
(x) Average vehicle utilisation per day (in kilometres)	51	56	65	69	68

(xi) Average carrying capacity per bus	28	28	30	30	30
(xii) Number of passengers carried (in lakhs)	2.57	3.60	3.97	4.10	4.45
(xiii) Number of passengers carried per bus per year (in lakhs)	0.05	0.06	0.06	0.06	0.07
B. Goods services					
(i) Number of trucks held	94	109	134	134	141
(ii) Average number of vehicles on road	93	108	130	120	136
(iii) Number of vehicles off-road	1	1	4	14	5
(iv) Total kilometres operated (in lakhs)	20.46	19.65	27.86	34.79	35.94
(v) Effective kilometres operated (in lakhs)	11.00	11.21	14.50	18.70	20.10
(vi) Dead kilometres (in lakhs)	9.46	8.44	13.36	16.69	15.84
(vii) Percentage of dead kilometres to kilometres operated	46.2	43.0	48.0	41.0	44.0
(viii) Average vehicles utilisation per day (in kilometres)	60	50	59	68	70
(ix) Effective gross Kms.	32.42	28.36	30.56	41.64	44.44

Percentage of dead kilometres to kilometres operated was very high in goods services. The Management stated (May 1982) that trucks had to be sent to Siliguri almost empty due to non-availability of loads from the State. It was also observed that the vehicle utilisation (for passenger service) at SNT compared very unfavourably with other State Transport undertakings in India operating in similar hilly regions. The table below gives comparative figures of vehicle utilisation in respect of State Transport Undertakings of some other States *vis-a-vis* SNT in 1980-81 :

<i>Name of undertaking</i>	<i>Vehicle utilisation per day (in kilometres)</i>
1. Himachal Road Transport Corporation	185
2. Manipur State Transport Corporation	136
3. Meghalaya Transport Corporation	120
4. Sikkim Nationalised Transport	65

The Management had, however, not investigated into the reasons for such low vehicle utilisation so far (March 1985).

3.3.4.6 Operational results

The following table gives the operational results of the bus services for the five years up to 1982-83 :

	1978-79	1979-80	1980-81	1981-82	1982-83
(i) Number of routes operated	25	26	28	30	32
(ii) Average number of buses on road	55	59	63	65	70

(iii) Total kilometres operated (in lakhs)	10.23	11.96	15.05	16.63	18.92
(iv) Effective kilometres covered (in lakhs)	10.03	11.73	14.76	16.29	18.54
(v) Dead kilometres (in lakhs)	0.20	0.23	0.29	0.34	0.38
(vi) Percentage of dead kilometres to total kilometres	2	2	2	2	2
(vii) Average revenue per effective kilometre	3.55	3.57	3.60	4.13	4.28
(viii) Average expenditure per effective kilometre (Rupees)	4.90	5.10	5.45	5.50	5.65
(ix) Average loss per effective kilometre (Rupees)	1.35	1.53	1.85	1.37	1.37

The SNT stated (December 1983) that they were trying to increase operational efficiency and control pilferages and that the fare structure would be revised in February 1984, which, however, was not done (February 1985).

A test check of records relating to operation of routes revealed that the average earning from the service in the Rangpo-Namchi route, which was started in October 1978 was only Rs. 1.31 per km in May 1979 against the overall average expenses of Rs. 5.10 per km during 1979-80. The route was closed in March 1980 in view of poor earning but was re-opened in March 1982 due to public demand.

3.3.4.7 Break-downs

The Management has not maintained any data regarding break-downs occurring to the buses sent on road.

3.3.4.8 Accidents

No records showing accidents to the vehicles were available for the period from 1975-76 to 1977-78. During the period from 1978-79 to 1980-81, the average number of accidents per 10,000 gross kilometres ranged between 0.02 to 0.03. The figures for 1981-82 onwards could not be reviewed as the records were not maintained properly. The Management stated (December 1983) that instructions were being issued to maintain proper records but that had not yet been done (February 1985).

3.3.4.9 Consumption of fuel, oil etc.

The following table indicates expenditure on high speed diesel (HSD) oil and motor spirit (MS) during the five years upto 1982-83 :—

<i>Year</i>	<i>Expenditure on HSD & MS</i>	<i>Total operating expenses</i>	<i>Percentage of expenditure to total operating expenses</i>
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(in lakhs of rupees)

1978-79	24.49	199.36	12.30
1979-80	20.51	231.20	8.90
1980-81	35.69	306.07	11.70
1981-82	45.21	369.65	12.20
1982-83	51.91	427.43	12.15

The Management stated (May 1982) that the norm fixed for consumption of HSD was 3.5 kilometres per litre. As against the above norms, the average kilometres obtained per litre of HSD during the five years up to 1982-83 were as under :—

<i>Year</i>	<i>Kilometres run per litre of HSD (over all position).</i>
1978-79	3.5
1979-80	3.2
1980-81	3.2
1981-82	3.4
1982-83	3.2

Compared to the performance of other State Road Transport Undertakings operating under similar hilly conditions, e.g. Jammu and Kashmir Road Transport Corporation whose achievement was 3.8 kms. per litre in 1979-80, the performance of SNT was poor.

A test check of records at Jorethang disclosed that 3148 litres of diesel were consumed by trucks during September 1980, the average kilometre per litre obtained being 1.89.

3.3.4.10 Engine Oil

Prior to 28th October 1980 no records of engine oil issued to vehicles was being maintained.

A "Mobile Oil Register" had, however, been introduced with effect from 28th October 1980. It was revealed therefrom that the total kilometres covered by different vehicles after which engine oil was changed, varied widely even in respect of vehicle of the same make as per the table given below :—

<i>*Make and vehicle No.</i>	<i>Category</i>	<i>Month in which engine oil was changed</i>	<i>Total kilometres covered before its change</i>
(i)	(ii)	(iii)	(iv)
950	Bus	March 1981	9780
103	Truck	—do—	13158
631	Bus	—do—	19758
950	Bus	February 1981	10826
1274	Bus	March 1981	8956
40	Truck	March 1981	9756

*Make of Bus—Dodge
Make of Truck—Tata.

The Management stated (December 1983) that engine oil is changed as per the manufacturers specifications at every 9,000 kms. Variation on this norm may be due to one or other defects, in leakage of HSD or water in the oil chamber or due to dusty road conditions.

3.3.4.11 Tyres

Test check of tyre records revealed the following points :

(i) Rangpo Unit

(a) While issuing new tyres, old tyres replaced were not simultaneously entered in any stock account but periodically entered in a register introduced with effect from 1st April 1978.

(b) There was no systematic procedure for the disposal of old and scrapped tyres. They were periodically disposed of as per directions of Head Office. During the period from 1st April 1978 to 15th May 1981, 168 old tyres of 9.00 × 20 size had accumulated and were awaiting disposal.

(c) A new tyre is expected to run for a minimum of 20,000 Kms. before it can be considered for condemnation or retreading. The following table indicates the kilometres covered by tyres which failed before rendering the prescribed services :

<i>Total distance covered before being scrapped (kilometres)</i>		<i>Number of tyres scrapped</i>
Upto	4,999	1
	5,000 to 9,999	3
	10,000 to 14,999	19
	15,000 to 19,999	65
Total		88

Out of 88 tyres which had failed before rendering the prescribed service, 58 tyres failed due to ply out, 23 failed due to burst and reasons for failure of balance 7 tyres were not available.

(ii) Jorethang Unit

(a) The following table indicates the service rendered by tyres which were scrapped at Jorethang during 1980-81:-

<i>Total distance covered before being scrapped</i> (Kilometres)	<i>Tyres scrapped</i>			
	<i>900 × 20 size</i>	<i>825 × 20 size</i>	<i>750 × 20 size</i>	<i>Total</i>
	<i>(in numbers)</i>			
Upto 4,999	3	2	Nil	5
5,000 to 9,999	3	20	9	32
10,000 to 14,999	14	26	1	41
15,000 to 19,999	34	38	3	75
Total:	54	86	13	153

Thus, out of 211 new tyres issued, 153 tyres failed before rendering the prescribed service of 20,000 kms. The Management stated (June 1982) that there had been premature failure of tyres due to bad road conditions.

(b) No record was maintained as regards resoleable/retreadable tyres.

(c) No stock account of scrapped tyres was maintained up to 1st July 1981 when these were introduced without recording the opening balance.

(iii) Extra expenditure due to non-resoling of old tyres

The performance of a new tyre in SNT was 20,000 kms. on an average and 10,000 kms. on an average for resoled tyre. The table below indicates the extent of purchase of new tyres, the tyres resoled through outside parties 1980-81 to 1982-83 (in the absence of own tyre re-treading shop) for the three years 1980-81 to 1982-83:

Year	Number of tyres purchased (size-wise)				Number of tyres condemned before 20,000 kms.		Number of tyres Resoled Not resoled	
	900×20	825×20	900×20	825×20	900×20	825×20	900×20	825×20
1980-81	Nil	1455	915	1056	25	25	890	1031
		1554.80*			@259.00	@219.90		
1981-82	215	1252	810	1064	39	259	771	805
	2227.25*	1852.30*			@257.00	@219.50		
1982-83	630	1325	421	1551	101	200	320	1351
	2424.85*	2083.20*			@257.00	@214.00		
Total	845	4032	2146	3671	165	484	1981	3187

[*Cost per tyre

@Retreading cost per tyre

Due to non-retreading of the 5168 tyres condemned prematurely the SNT had to incur extra expenditure of Rs. 102.52 lakhs in the purchase of new tyres to that extent during the three years upto 31st March 1983. The Management had not furnished any reason for not retreading these tyres (February 1985).

3.3.4.12 Goods transport service

The goods service is operated mainly between Siliguri and Gangtok. It also connects Siliguri with other parts of the State. There is inter-State service as well. The performance of the goods service during the five years up to 1982-83 is indicated in the following table:—

Year	Number of vehicles utilised by SNT		Goods carried (in lakh tonnes)	Effective distance run (in lakhs of Kilometres)	Gross ear- nings (in lakhs of rupees)
	Own	Hired			
1978-79	94	45	1.02	11.00	129.28
1979-80	109	45	1.06	11.21	140.34
1980-81	134	60	1.23	14.50	171.33
1981-82	134	55	1.28	18.70	193.16
1982-83	141	55	1.36	20.10	226.68

Besides, its own trucks, SNT has hired a number of private trucks for plying. As against the gross earning of Rs. 171.33 lakhs, Rs. 193.16 lakhs and Rs. 226.68 lakhs, Rs. 59.46 lakhs, Rs. 62.42 lakhs and Rs. 71.54 lakhs paid on account of hiring of private trucks during 1980-81, 1981-82 and 1982-83 respectively.

The table below indicates the utilisation of SNT's own trucks *vis-a-vis* hired trucks for the five years up to 1982-83:

Year	Number of trucks		Goods carried (in lakh tonnes)			
			By hired trucks	Own trucks	Total quantity	Percentage of goods carried by SNT trucks
			(in lakh tonnes)			
	Own	Hired				
1978-79	94	45	0.45	0.57	1.02	55.9
1979-80	109	45	0.69	0.37	1.06	34.9
1980-81	134	60	0.72	0.51	1.23	41.5
1981-82	134	55	0.68	0.60	1.28	46.9
1982-83	141	55	0.60	0.76	1.36	56.54

It would be seen from the above table that goods carried in hired trucks had increased over the years, starting from 1979-80; whereas the quantity of goods carried by own trucks had decreased adversely in 1979-80 and 1980-81 over the year 1978-79. The increase in number of trucks of SNT in 1979-80 and 1980-81 was 16 per cent and 42.55 per cent respectively over that in 1978-79. The average quantity of goods carried per truck varied from 0.606 tonne in 1978-79 to 0.339 tonne in 1979-80, 0.380 tonne in 1980-81 and 0.448 tonne in 1981-82.

A test check of records revealed the following points.

(i) The average utilisation of SNT trucks was very low in comparison to that of private trucks. It was noticed that in almost all the cases the private trucks starting from Siliguri returned back to Siliguri on the same day after giving delivery of the goods at the destination point whereas the SNT trucks usually took one day to cover only one way journey.

(ii) Uniform procedure in respect of documentation for goods service had not been followed in all the units.

(iii) The Chief Accounts Officer observed (June 1980) that there was pilferage of revenue of more than 40 *per cent* due to carrying goods and passengers through trucks unauthorisedly. No action had yet been taken to stop the practice (February 1985).

(iv) The average utilisation of SNT trucks was very poor as compared to the hired trucks. On a test check of the relevant records for July 1980, it was noticed that while five SNT trucks carried goods from Siliguri to Gangtok for 12 days; hired trucks carried goods from Siliguri to Gangtok for 25 days. The Management stated in December 1983 that this was due to the fact that private trucks plied up to Gangtok only, whereas SNT's trucks plied into interior parts of Sikkim and snow bound areas.

3.3.4.13 Non-realisation of dues

The system of realisation of freight charges in advance for carriage of goods was introduced with effect from 1st September 1980.

It was, however, observed that on 31st March 1983 a sum of Rs. 167.02 lakhs was outstanding from Government departments vide details below:

Year	Outstanding dues		
	State Government departments	Central Government departments	Total
	(in lakhs of rupees)		
1980-81	25.28	13.77	39.05
1981-82	37.03	11.87	48.90
1982-83	57.18	21.89	79.07
Total	119.94	47.53	167.02

This would indicate that despite introduction of pre-payment system from 1st September 1980 for freight charges, carriage of goods on credit was allowed.

The Management stated (August 1983) that the non-realisation of dues was partly due to delay in adjustments of advances received due to shortage of working hands and partly due to non co-operation by the Government Departments in settling the dues and efforts were being made to overcome these difficulties.

3.3.4.14 Out-agency operation

The SNT has been working as an agent of North Frontier Railway for both passengers and goods traffic in terms of an agreement entered into on 1st July 1975.

SNT's share of income on railway out-agency operation for the eight years upto 1982-83 is shown below:

Year	Amount (in lakhs of rupees)
1975-76	9.79
1976-77	23.24
1977-78	24.93
1978-79	20.96
1979-80	15.01
1980-81	3.18
1981-82	7.68
1982-83	3.22

Business through 'out-agency' dropped to a very low level during 1980-81 and 1982-83 as goods were transported by road transport due to non-availability of wagons.

The total outstanding on account of out agency up to March 1983 was Rs. 27.46 lakhs.

In some cases freight had been short collected by the out-agents. On a test check it was observed that the short collection from the Sikkim Public Works Department alone amounted to Rs. 0.25 lakh which had not so far been realised from the Department (February 1985.)

As per provisions of the agreement the out-agent was liable to pay wharfage for any delay in the removal of the out-agency traffic from the Railway premises or from the out-agency shed at New Jalpaiguri/Siliguri station. The North Frontier Railway claimed (February 1981) from the SNT Rs. 0.22 lakh and Rs. 1.30 lakhs on account of demurrage and wharfage respectively at New Jalpaiguri Station. The Management stated in December 1983 that request had been made to waive of the wharfage and demurrage charges but it had not yet been settled (February 1985).

In this connection, it was noticed that in many cases, the Calcutta office of Sikkim State Trading Corporation had given prior intimation regarding despatch of wagons directly to Siliguri unit of SNT wherefrom trucks were arranged for carrying goods released from the wagons.

3.3.4.15 Central Workshop

The Central Workshop at Gangtok carries out the following functions:—

- (a) Engine overhauling (four engines on an average per month)

-
- (b) Renovation of trucks and buses
 - (c) Thorough mechanical repair of vehicles (50 annually)
 - (d) Tyre vulcanising
 - (e) Building of truck bodies (eight annually)

The depot workshops at Rangpo and Jorethang looks after the running repairs and maintenance works of the vehicles of their respective sections.

Test-check of records of the Central Workshop revealed the following deficiencies:

- (a) No log books in respect of machines had been maintained so far (December 1984).
- (b) No physical verification of machines had been conducted so far (December 1984).
- (c) The log books of vehicles were not maintained properly.

3.3.4.16 Tickets

(I) Tickets and money receipts are being got printed by SNT from private printing presses except during 1976-77 when these were got printed at Government of India Press, Gangtok.

(II) Maintenance of ticket accounts

Some of the important irregularities noticed on test check (March to May 1982) of records at the Head Office and the booking centres at Gangtok, Rangpo, Jorethang, Siliguri, Mangan, Singtam, Namchi and Legship are indicated below.

- (i) Tickets were issued from new lot while old tickets of identical denomination were lying in stock (Head Office).
- (ii) Tickets recorded as issued were actually lying in stock (Head Office).

(iii) Chronological order was not maintained in ticket stock and issue register/ticket sale register (Head Office, Jorethang, Siliguri, Gangtok, Namchi, Legship, Mangan).

(iv) Opening and closing balance, balance after each receipt/issue were not recorded in ticket stock account (all units).

(v) Ticket stock record did not bear certificate of physical verification. Physical verification reports were also not made available (all units).

(vi) Ticket sale register was not closed indicating stock position of unsold tickets held by the dealing assistant (Booking clerk) (Rangpo, Siliguri, Gangtok, Singtam, Mangan).

(vii) Tickets bearing the same serial numbers of the same denomination were recorded to have been sold more than once (Rangpo, Jorethang).

(viii) Sale proceeds of tickets were recorded and entered in cash book in excess of the value of tickets sold (Rangpo, Singtam).

(ix) Sale proceeds of tickets were recorded and entered in cash book less than the value of tickets sold (Rangpo, Singtam, Jorethang).

At Singtam Sub-Depot, total value of all tickets sold on 27th January 1981 was arrived at Rs. 315.25 while only Rs. 223.25 was recorded as the sale proceeds.

(x) (a) Tickets worth Rs. 1,085 were missing in five depots.

(b) Similarly, tickets worth Rs. 43,800 were found missing in Head Office (Gangtok) during 1979-80.

(xi) Tickets which were not existing in stock account were shown as issued (Jorethang, Namchi, Legship, Gangtok).

(xii) Ticket bearing same numbers relating to same denomination were recorded as received and issued more than once without either recording cross reference or maintaining chronological order (Jorethang, Namchi).

(xiii) Tickets were recorded as issued before receipt thereof (Jorethang, Siliguri).

(xiv) At Gangtok booking office, "conductors tickets issue register" was introduced on 28th August 1980 prior to which reference of conductor/chart to whom tickets were issued was not noted in any ticket record.

(xv) Neither unit-wise nor overall reconciliation of ticket accounts had been made. The Management stated in December 1983 that strict vigilance was being kept over concerned staff of the Department/Sub-Depot to avoid any sort of irregularity in future.

3.3.4.17 Fare structure

The passenger fares and freight charges of SNT were once revised in November 1973. Different rates were fixed by the State Government in September 1980 after revision in 1973. The rates so fixed were not, however, strictly followed by the Management but were taken as a guide line. The Management stated (December 1983) that the actual rates from route to route varied according to road condition.

The Management put up a proposal to Government in July 1980 for a general revision of fare and freight rates on the ground that there was an average increase of 113 *per cent* since 1973 in the price of important items of operational costs. The State Government approved (August 1980) increase of passenger fare and freight rate by 25 *per cent* and 20 *per cent* respectively with effect from the 1st September 1980 and again approved in September 1981 enhancement of the passenger fare and freight charges by another 25 *per cent* with effect from 15th September 1981.

The following table compares the passenger fare rate of SNT with that of North Bengal State Transport Corporation (NBSTC) in respect of two common routes operated in May 1982.

Route	Passenger fare	
	SNT	NBSTC (Rupees)
(i) Siliguri to Gangtok	19.00	15.10
(ii) Gangtok to Kalimpong	14.50	11.00

The following table indicates that the loss per km. in NBSTC was lower than that in SNT having a much higher fare-structure and therefore the fare collection system seems to need a review as well as the running expenditure:

	1978-79		1979-80		1980-81	
	NBSTC	SNT	NBSTC	SNT	NBSTC	SNT
	(in paise)					
Average revenue per Km.	169	355	182	357	203	360
Average expenditure per Km.	294	490	318	510	385	545
Loss per Km.	125	135	136	153	182	185

On a test check of records of 'Rangpo-Siliguri Service' for identical months both before and after the revision of fares in September 1980, it was noticed that total collection in March 1981 (Rs. 11,770) decreased by 3.5 per cent from that in March 1980 (Rs. 12,192) although fare rate was increased by 25 per cent.

3.3.4.18 Ticket checking system

There were seven ticket inspectors as on 30th November 1984 to conduct checking of buses on route. Five ticket inspectors

are engaged for checking in main line route (Gangtok to Siliguri *via* Rangpo) and two at Jorethang Depot.

Test check of bus charts of Jorethang depot revealed the following:

(a) Checking was most irregular as indicated below:

<i>Vehicle number</i>	<i>Number of days the vehicle was on road during September 1980</i>	<i>Number of checks in route during September 1980</i>
4987	15	Nil
622	24	1
4988	16	Nil
72	19	1
5038	16	Nil
949	17	1

(b) Identity of the persons who checked and time and place of checking were not recorded in most cases.

3.3.4.19 Stores control

(i) Purchase procedure

The central Stores headed by the Deputy General Manager (Stores) is responsible for making purchase and maintenance of stores.

General standing orders indicating duties, functions and responsibilities of Chief Stores Keeper, Purchase Branch, Central Stores were issued in April 1977.

Besides, bulk purchases from firms under rate contract and dealers and manufacturers, local purchases were made by Central Stores, Central Workshop and Maintenance Units at Rangpo and Jorethang. Local purchases (value: Rs. 13.41 lakhs) accounted for 49.6 *per cent* of the total purchases of stores and spares (Rs. 27.01 lakhs) during 1980-81.

The Chief Accounts Officer observed (April 1981) while putting up proposal for sanction of purchases that all sorts of irregularities occurred in the purchase from local markets.

(ii) Scrutiny of purchase records at Rangpo indicated the following deficiencies :—

- (a) In several cases, purchase were made from a firm without obtaining quotations from others.
- (b) The purchase orders did not contain the accepted rate and the price indicated by the suppliers in their bill was accepted and paid.

(iii) Uneconomic purchase from local market

A purchase order for supply of 20 batteries was placed (January 1981) with a firm of Bangalore under rate contract at Rs. 1,060.95 each. These batteries were despatched on 20th February 1981. On the same date, 10 batteries were purchased from local firms at rates ranging from 2,285 to 2,385. This resulted in an additional expenditure of Rs. 12,240 with reference to the rates of the Bangalore firm.

The Management stated (March 1981) that the price in the local market were higher and that the firm took advantage of emergency.

(iv) Test check of store records revealed the following general deficiencies :

- (a) Maximum, minimum and re-ordering levels of stores and spare had not been fixed.
- (b) Stores ledgers had not been balanced after each receipt/issue and as such they did not indicate the stock position at any point of time.

- (c) Both bin cards and stores ledger maintained at Central Stores were under the control of the Chief Stores Keeper and the same at the branch/division under the respective head of the maintenance unit. Balances as per stores ledger were not reconciled with that in the bin cards.
- (d) No record was maintained in respect of unserviceable stores and spares received in exchange of new parts issued.
- (e) No record/account was maintained in respect of rejected materials/scraps although the standing orders provided for up to date maintenance of scrapped register in respect of items costing Rs. 100 or more.
- (f) No record was maintained in respect of containers.
- (g) Different items from stripping section of central workshop had been handed over to Central Stores in March 1982. A register in this regard was under preparation at Central Stores (December 1983). No stock account of such items at Central workshop was available.
- (h) There is no system for periodical assessment of slow moving, non-moving and obsolete items. Each balance sheet as at 31st March for the five years up to 1982-83 exhibited obsolete stores valuing Rs. 1.20 lakhs only. These obsolete stores have not been disposed of so far (February 1985).
- (i) All scrapped stores should be disposed of half yearly as per suggestion of a review committee formed for disposal of obsolete stores. Scrap worth Rs. 2.38 lakhs accumulated as at the end of November 1984 remained undisposed of.

3.3.4.20 Man power analysis.

Excepting operating staff strength under bus service information about the total staff position was not made available.

The table below indicates the extent of operating staff utilisation for passenger bus services during the five years upto 1982-83 :—

	1978-79	1979-80	1980-81	1981-82	1982-83	Remarks
Number of buses held at the close of the year	58	68	73	73	88	For drivers and others.
Average number of buses on road per day	55	59	63	65	70	SNT does not have any separate staff ratio for buses & trucks.
Operating staff						
(a) Driver	58	58	70	260	260	
(b) Conductor	50	50	55	60	60	
(c) Others	30	30	40	110	110	
(d) Total	138	138	165	430	430	Including the staff posted to traffic section as STA, JTA, LDA and others
Average operating staff						
(a) Per bus held	2.38	2.38	2.26	2	2	
(b) Per bus on road	2.94	2.65	2.75	2.5	2.5	

3.3.4.21 Cost accounting and internal audit :**(i) Cost accounting**

There is no system of cost accounting in vogue and as such operating cost of goods and passenger services could not be worked out.

(ii) Internal audit

There is an internal audit wing at Gangtok headed by Senior Auditor under the control of the Chief Accounts Officer, but there is no manual prescribing the functions, procedure and periodicity of audit. Outside units have no internal audit cell.

The functions of the cell have not been streamlined. The following items have not been covered in internal audit :

- (1) Check of traffic conductors' statement of tickets sold with reference to issue of tickets, cash collected and deposited, un-sold tickets and stock of tickets, etc.
- (2) Check of receipts and payments with reference to purchase orders.
- (3) Check of wage-sheets.
- (4) Verification of receipts and issue of stores.
- (5) Check of tickets remaining un-sold and money receipts for the tickets sold.
- (6) Check of freight accounts.

3.3.4.22 Other points of interest**(i) Booking agents**

SNT appointed booking agents who (were private parties) from time to time at different places on commission basis. As on 31st March 1983 there were three agents—one each at Kalimpong, Pakyong and Darjeeling.

A test check, in audit, of the records of booking agents as available in SNT, revealed the following :

- (a) No record was available showing the actual passenger fare and freight collected through the booking agents.

(b) Separate agent-wise record of tickets issued, collections made, amount deposited into bank, payment of commission, submission of periodical return/account, etc. was not kept and as such there was no record which could show the total amount collected by any agent, deposit made by him, commission paid to him and the outstanding dues. The accounts had not been reconciled so far (*February 1985*).

(c) No agreement was executed between the SNT and any booking agent.

(d) The Deputy General Manager (Finance) suggested (*February 1982*) introduction of a system of prepayment for tickets to safeguard the interest of SNT against non-depositing of money by the agents. No steps in this direction had been taken so far (*February 1985*).

(e) The Kalimpong agent was paid commission at the rate of seven *per cent* whereas other agents were paid five *per cent* commission. The Management observed (*February 1981*) that the agents who had been given five *per cent* were representing for enhancement of their commission to seven *per cent*. The matter had not been settled so far (*February 1985*).

(f) The Deputy General Manager (Finance) observed (*August 1981*) that the Pakyong agent was in the habit of not depositing the amount collected. No record was available which could indicate the exact amount outstanding against him. It was, however, seen that tickets worth Rs. 1,23,006 were issued to the agent till 10th August 1982, out of which tickets valuing Rs. 9,441 were held in stock but no account of sales of tickets valuing Rs. 1,13,565 was made available (*December 1983*). The Deputy General Manager, (Finance) also observed (*August 1981*) that an amount of Rs. 16,002 collected by the agent from

1st January to 1st August 1981 had not been deposited into Government account so far (November 1984).

The Management asked (March 1982) the agent to deposit a sum of Rs. 20,603 which represented collection for the period from the 1st April 1981 to 23rd January 1982. No settlement/reconciliation has, however, been made so far (November 1984) as regards outstanding dues accumulated up to 31st March 1982. The Management stated (December 1983) that the balance remained undeposited but checking could not be done due to sudden death of the agent's father.

(ii) Maintenance of Cash Books

The following irregularities were noticed in maintenance of cash books at different units.

(a) The pages of the cash books had not been machine-numbered and certificates as to the number of pages contained in the cash book not recorded in the cash book.

(b) The entries in the cash book as well as overwriting, corrections and alteration of figures therein had not been attested by the officer in-charge.

(c) Cash book had not been closed daily under the signature of the officer in-charge.

(d) Physical verification of cash balance had not been carried out periodically.

(e) The following further points also came to notice on test check :

(A) Gangtok Booking Office

(i) The opening balance on 17th February 1981 had been shown as 'nil' although there was closing balance of Rs. 2,380.60 on 16th February 1981.

(ii) On 2nd and 10th March 1981 an amount of Rs. 7,855.42 and Rs. 1,289.33 respectively had been shown as paid but there was neither any opening balance nor any receipt recorded in the cash book on that date.

(iii) Cash book had not been maintained in chronological order. Transactions of the 2nd June 1980 were entered after the entries relating to transactions of 3rd June 1980.

(B) Siliguri Depot Booking Office :

(i) On test check of cash book for 1980-81 it was noticed that cash balance was temporarily utilised for purposes not connected with the business of SNT. No register was maintained to watch/record recovery of such disbursements.

(ii) Deposit of cash and collection money into bank was delayed and even such deposits were generally made only partially. Some instances in respect of March 1981 are cited below :—

<i>Date</i>	<i>Opening balance</i>	<i>Receipt (in rupees)</i>	<i>Deposit into bank</i>	<i>Closing balance</i>
21-3-81	31,830.75	2,558.57	4,799.99	29,589.33
22-3-81	29,589.33	1,608.16	—	31,197.49
23-3-81	31,197.49	1,036.50	1,865.89	30,368.10
24-3-81	30,368.10	2,163.63	1,031.50	31,500.23
25-3-81	31,500.23	1,180.27	2,746.55	29,933.95
26-3-81	29,933.95	1,979.95	1,750.27	30,163.63
27-3-81	30,163.63	2,781.98	1,979.95	30,965.66
28-3-81	30,965.66	2,168.36	2,781.98	30,352.04
29-3-81	30,352.04	1,989.31	—	32,341.35
30-3-81	32,341.35	2,065.24	4,184.17	30,222.42
31-3-81	30,222.42	2,141.41	—	32,363.83

(iii) Similar instances for 1981-82 (April 1981) are given in Appendix 3.2.

(C) Namchi Sub-Depot

(i) The closing balance as on 23rd June 1980 was actually Rs. 8,722.85 instead of Rs. 4,893.65 as record in the cash book. The latter figure was carried forward as opening balance on the next day thus resulting in a short account of Rs. 3,829.20.

(ii) There was a short account of cash amounting to Rs. 297.60 on 28th July 1980.

The Management stated (December 1983) that cases referred to in B(i) (ii) and C(i) (ii) above were being investigated by Vigilance Department also and no decision has been arrived at so far (February 1985).

(iii) Irregular payment of advance

A sum of Rs. 20 lakhs was advanced on 24th September 1981 to a private party for purchase of a plot of land (2.34 acres) and also buildings within the existing leasehold precincts of the SNT complex at Siliguri.

In this connection the following observations are made.

(i) The land and buildings had been valued at Rs. 2.70 lakhs only in April 1981. However, the same property was valued at Rs. 40 lakhs during negotiation with the private party in September 1981 (six months later).

(ii) Full Payment for the land had not been made so far (March 1985).

(iii) Title of the land and buildings had also not been passed to the Department so far (March 1985).

The relevant records have been seized (March 1985) by the Vigilance Department of the State Government.

This was reported to Government in November 1982, their replies were awaited (March 1985).

APPENDIX 2.I

Overall excess over the final Grants/Appropriations.

(Reference : Paragraph 2.03; page 18)

(in lakhs of rupees)

<i>Number and name of grant</i>	<i>Voted/ Charged</i>	<i>Final grant</i>	<i>Excess (+)</i>	<i>Revenue/ Capital</i>	<i>Per- centage</i>
1. State Legislature	Voted	0.09	0.01	Capital	—
Governor	Voted	0.07	0.02	Capital	—
3. Agriculture	Voted	30.90	1.43	Capital	—
2. Cabinet	Voted	41.59	0.20	Revenue	—
10. Finance Department	Voted	17.82	0.39	Revenue	—
11. Income Tax and Sales Tax	Voted	5.32	0.13	Revenue	—
12. Other expenditure of Finance Department	Charged	82.13	3,09.70	Capital	377.08
14. Forest	Voted	0.15	0.12	Capital	—
18. Administration of Justice	Charged	9.69	0.28	Revenue	—
24. Land Revenue	Voted	71.65	1,29.23	Revenue	180.36
29. Planning and Development	Voted	0.10	0.01	Capital	—
32. Cultural Affairs	Voted	6.00	0.01	Capital	—
Total :			4,41.53		

APPENDIX 3.1

APPEN

Summarised Financial results of the working**(Reference : Para**

<i>Sl. No.</i>	<i>Name of the Undertaking</i>	<i>Date of incorporation</i>	<i>Year of Account</i>
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(1)	(2)	(3)	(4)
1.	Sikkim Nationalised Transport	1955-56	1982-83
2.	Government Fruit Preservation Factory	October, 1965	1983-84
3.	Sikkim Tea Board (Temi Tea Estate)	June, 1974	1983-84
4.	Sikkim Wood Working Centre	1977-78	1983-84

Note :— (a) Interest on Capital provided but not paid.
(b) Interest on loan from Sikkim Industrial

DIX 3.1

of Departmentally—managed commercial Undertakings.

3.3.3; page 62)

<i>Mean Capital</i>	<i>Profit(+)/ Loss(—)</i>	<i>Total interest on Govt. loan/ capital</i>	<i>Total return</i>	<i>Percentage of return on mean capital</i>
(5)	(6)	(7)	(8)	(9)
<i>(in lakhs of rupees)</i>				
5,34.16	(—)63.06	32.54(a)	(—)30.52	..
1,16.21	(+)1.61	0.12(b)	(+) 1.61	1.30
1,79.72	(—)10.27	Not provided	(—)10.27	..
22.46	(+)0.15	Not provided	(+) 0.15	0.67

Development and Investment Corporation Ltd.

APPEN

Statement of cash in hand
(Reference : Para

<i>Date</i>	<i>Opening balance</i>	<i>Receipt</i>	<i>Total</i>
(1)	(2)	(3)	(4)
1st April 1981	32,363.83	2,382.44 (Bus fare)	34,746.27
2nd April 1981	34,746.27	1,891.83 (Bus fare) 708.80 (Freight)	37,346.90
4th April 1981	35,946.90	2,306.13 (Bus fare) 1,256.80 (Freight)	38,655.18
5th April 1981	38,055.18	2,550.11 (Bus fare)	40,605.29
6th April 1981	40,605.29	1,909.36 (Bus fare)	42,514.65
7th April 1981	30,093.54	2,249.30 (Bus fare)	32,342.84
8th April 1981	30,433.48	1,990.56 (Bus fare)	32,424.04
9th April 1981	30,174.74	2,485.29 (Bus fare)	32,660.03
10th April 1981	30,669.47	1,603.82 (Bus fare)	32,273.29
11th April 1981	29,788.00	2,444.72 (Bus fare)	32,232.72
12th April 1981	30,628.90	3,679.47 (Bus fare)	34,308.37

DIX 3.2

in Siliguri depot in 1981-82.

3.3.4.22 (ii) (B) (ii); Page 89-92)

<i>Expenditure during the day</i>	<i>Deposit into bank</i>	<i>Closing balance.</i>
(5)	(6) (in rupees)	(7)
..	..	34,746.27
1,400.00	..	35,946.90
600.00	..	38,055.18
..	..	40,605.29
10.00	11,154.31	30,093.54
	1,256.80	
..	1,909.36	30,433.48
10.00	2,239.30	30,174.74
10.00	1,980.56	30,669.47
10.00	2,475.29	29,788.00
10.00	1,593.82	30,628.90
..	..	34,308.37

