

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED

31 MARCH 1992



CONTENTS

	Paragraph	Page(s)
Prefatory remarks		(vii)
Overview		(ix) - (xii)
Overview		()
CHAPTER I - General	1	2 - 24
CHAPTER II - Appropriation Audit and Control Over Expenditure	2	25 - 31
CHAPTER III - Civil Departments		
Education Department		
Operation Blackboard	3.1	32 - 37
Excess expenditure on printing of text books	3.2	37
Finance Department		
Infructuous expenditure	3.3	37 - 38
Food and Civil Supplies Department		
Full reimbursement of transportation	3.4	38
charges not claimed	3.4	30
Non-realisation of sale proceeds of rice and sugar	3.5	38 - 39
Excess expenditure on transportation of foodgrains	3.6	39
Tourism Department		
Extra payment towards purchase of hotel	3.7	39 - 40

		Paragraph	Page(s)
	CHAPTER IV - Works Expenditure		
	Forest Department		
*	Soil and Water Conservation Scheme	4.1	41 - 48
	Infructuous expenditure on installation of intercom system	4.2	48
	Rural Development Department		
	Non-accounting of Government money	4.3	48
	Sikkim Public Works Department		
	Infructuous expenditure	4.4	49
	Avoidable extra expenditure due to non-acceptance of lowest tenders	4.5	49
	CHAPTER V - Stores and Stock		
	Irrigation Department		
	Stores accounts	5.1	50 - 54
	Rural Development Department		- (b)
	Infructuous expenditure on purchase of chlorinators	5.2	54 - 55
	Extra expenditure on purchase of MS rods	5.3	55 - 56
	Infructuous expenditure on purchase of roofing materials	5.4	57
	Extra payment due to irregular allowance of increase in price	5.5	56 - 57

	Paragraph	Page(s)
Urban Development Department		
Blocking of funds	5.6	57
CHAPTER VI - Revenue Receipts	5.0	J 1
Trend of revenue receipts	6.1	58
Analysis of revenue receipts	6.2	58 - 60
Variation between budget estimates and actuals	6.3	61
Cost of collection	6.4	61 - 62
Results of Audit	6.5	62 - 63
Outstanding inspection reports	6.6	63 - 64
Income Tax Department		
Non-assessment of income tax	6.7	64 - 65
Labour Department		
Non-levy of registration/renewal fees	6.8	65
Power Department	新	
Non-levy of surcharge	6.9	66
Short levy of demand charges	6.10	66 - 67
Sales Tax Department		
Under assessment of sales tax	6.11	67

	Paragraph	Page(s)
CHAPTER VII - Government Commercial and Trading Activities		
General	7.1	68
Government companies - General view	7.2	68 - 69
Statutory corporations - General aspects	7.3	69 - 72
Departmentally managed Government commercial/quasi-commercial undertakings	7.4	72 - 73
State Trading Corporation of Sikkim		¥.
Activities of State Trading Corporation of Sikkim	7.5	73 - 80
Sikkim Industrial Development and Investment Corporation Limited		
Loss due to embezzlement	7.6	80 - 81
Non-recovery of taxi- loan	7.7	81
Sikkim Flour Mills Limited		
Injudicious and infructuous investment in cold storage plant	7.8	81 - 82
Sikkim Nationalised Transport		
Loss of revenue	7.9	82 - 83
Sikkim Co-operative Milk Producers' Union Limited		
Extra expenditure due to rejection of lowest rate	7.10	83

APPENDICES

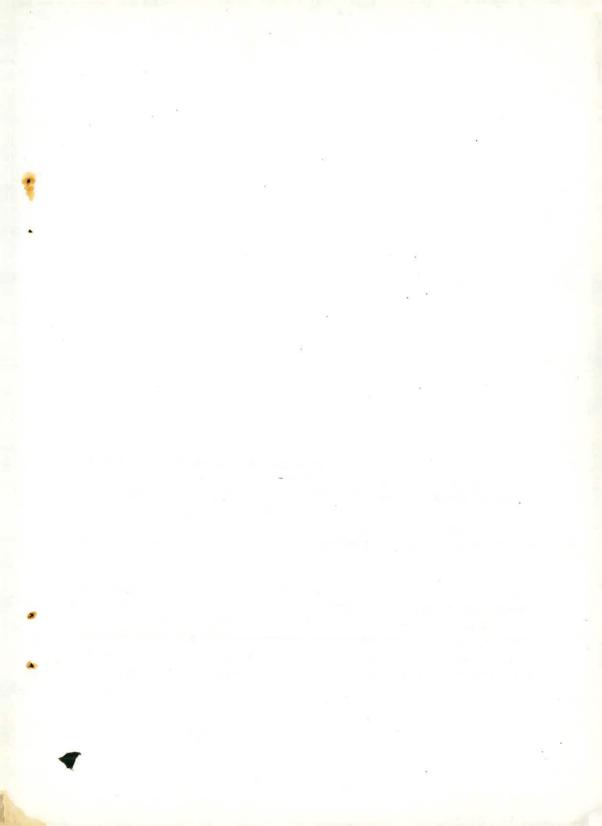
	Number	Page No (s)
Statement showing the grants/appro- priations in which supplementary provision proved excessive		85
Statement showing grants in which supplementary provision was insufficient	II	86
Statement showing excess over the final grant/appropriation requiring regularisation	111	87
Statement showing the injudicious and irregular reappropriations	IV	88 - 91
Statement showing particulars of paid-up capital, outstanding loans, working results etc. of companies as on 31 March 1992	v .	92 - 93
Summarised financial results of the working of companies	VI	94 - 95
Summarised financial results of the working of the statutory corporations	VII	96 - 97
Summarised financial results of the working of the departmentally managed undertakings	VIII	98 - 99
Glossary of abbreviations	IX	100-102



PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1991-92 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 1991-92.

2. The cases mentioned in this Report are among those which came to notice in course of test audit of accounts during the year 1991-92 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 1991-92 have also been included wherever considered necessary.



OVERVIEW

The Report of the Comptroller and Auditor General of India for the year 1991-92 contains seven chapters. Chapter I gives information about the financial position of the State and Chapter II indicates the Government's control over its expenditure during the year. The remaining five chapters contain 35 paragraphs and 4 reviews in which points noticed by Audit during the course of test check of records have been commented upon and the efficiency and effectiveness in implementation of a few selected projects/programmes have been reviewed. Some of the important and interesting points highlighted in the Report are summarised in the succeeding paragraphs.

2. Accounts of the State Government

As in previous years, this year also a part of Union grants-in-aid and State's share of Union excise duties were not credited to the State Government account and the accounts of the State remained incomplete. Such amount held back upto the end of 1991-92 aggregated to Rs. 13.65 crores (1987-88: Rs. 0.33 lakh; 1988-89: Rs. 2.90 lakhs; 1990-91: Rs. 255.88 lakhs and 1991-92: Rs. 1106.28 lakhs). On the other hand, Rs. 6.64 crores pertaining to 1990-91 was credited during 1991-92.

The Budget estimates for the year 1991-92 envisaged a revenue surplus of Rs. 39.05 crores which was reduced to Rs. 29.39 crores in the Revised estimates. The actual revenue surplus was only Rs. 27.34 crores during the year. The liabilities of the State Government increased from Rs. 144.75 crores at the end of March 1991 to Rs. 170.13 crores at the end of March 1992 while the assets increased from Rs. 381.40 crores to Rs. 434.12 crores during the year.

Revenue Receipts: The receipts of the State Government increased to Rs. 182.44 crores in 1991-92 from Rs. 126.40 crores in 1987-88 i.e. an increase of 44 per cent. The non-tax revenue raised by the State Government increased from Rs. 18.01 crores in 1987-88 to Rs. 28.64 crores in 1991-92, while the State's own tax revenue increased from Rs. 11.20 crores to Rs. 15.44 crores during the same period. The aggregate of the amount received by the State on account of State's share of Union Excise Duties and Grants-in-aid increased from Rs. 97.19 crores to Rs. 138.36 crores between 1987-88 and 1991-92 - an increase of 42 per cent. The percentage of revenue raised by the State to the total revenue receipts declined to 24 in 1991-92 from 26 in 1990-91.

Revenue Expenditure: While the total revenue expenditure has shown an upward trend over the period 1987-88 to 1991-92, the expenditure under Plan has declined from 38 per cent of the total revenue expenditure during 1987-88 to 34 per cent in 1991-92. The non-plan revenue expenditure has, however, increased from 62 per cent of the total expenditure to 66 per cent during the same period.

Public Debt: Public Debt has increased from Rs. 54.36 crores at the end of 1987-88 to Rs. 144.96 crores at the end of 1991-92. The other liabilities on account of small savings,

provident funds etc. spurted considerably from Rs. 6.04 crores in 1987-88 to Rs. 19.42 crores in 1991-92. The repayment of Central Government loans and interest thereon aggregating Rs. 10.86 crores during 1991-92 constituted 95 per cent of the Central Government loans (Rs. 11.48 crores) received during the year.

Government paid interest totalling Rs. 14.88 crores on debt and other obligations during 1991-92. However, the interest received on all accounts was Rs. 2.31 crores only leaving a net interest burden of Rs. 12.57 crores.

The investment totalling Rs. 16.17 crores as on 31 March 1992 in various statutory corporations, undertakings and Government companies yielded a dividend of only Rs. 0.96 crore during 1991-92. (Chapter I)

3. Appropriation Audit and Control Over Expenditure

Against the total budget provision of Rs. 251.64 crores (including supplementary) the actual expenditure was Rs. 231.80 crores. The overall saving of Rs. 19.85 crores was the net effect of savings of Rs. 21.58 crores in 50 cases of grants and 8 cases of appropriations and excess of Rs. 1.73 crores in 15 cases of grants. The excess requires regularisation by the Legislature under Article 205 of the Constitution of India. Besides, the excess expenditure of Rs. 2.75 crores pertaining to the years 1979-80 to 1990-91 is yet to be regularised.

The supplementary provision of Rs. 20.56 crores obtained during 1991-92 constituted 9 per cent of the original budget provision. In 10 grants and one appropriation, supplementary provisions aggregating to Rs. 4.46 crores obtained during the year were unnecessary.

In 13 cases of grants the expenditure during the year in each case fell short of the provision by more than Rs. 10 lakhs and also by more than 10 per cent of the total provision.

(Chapter II)

AUDIT REVIEWS

4. Operation Blackboard

The scheme aimed at achieving substantial improvement in primary education by providing the minimum level of facilities in the primary schools existing on 30 September 1986 and prescribing the minimum level of funding for all new primary schools to be opened in the future. A review of the scheme revealed the following:

Delay in supply of stock materials resulted in delay in construction of school buildings by 3 months to 2 years. An expenditure of Rs. 37.83 lakhs on payment of salaries to teachers was irregularly charged to the scheme and teaching and learning materials worth Rs. 1.26 lakhs were distributed to junior/ senior secondary schools which were not eligible for assistance under the scheme.

(Paragraph 3.1)

5. Soil and Water Conservation Scheme

The scheme was launched in the State with a view to arresting soil erosion and saturating the land condition by a package of measures including afforestation, land management, protective works, etc.

The expenditure during 1987-88 to 1991-92 was Rs. 790.50 lakhs against the budget provision of Rs. 868.48 lakhs. Expenditure of Rs. 15.60 lakhs under terracing works incurred during 1987-88 to 1988-89 was irregularly charged to the scheme.

During 1988-90 works valued at Rs. 2.13 lakhs were executed in urban areas and paid from scheme funds although they were in no way related to the scheme.

There was excess expenditure of Rs. 16.95 lakhs during 1987-88 to 1991-92 on watch and ward, maintenance of nurseries and terracing. (Paragraph 4.1)

6. Stores Accounts of the Irrigation Department

Procurement of non-levy cement when levy cement was available led to an avoidable expenditure of Rs. 2.25 lakhs.

There was a loss of Rs. 24.02 lakhs due to freight reimbursement not being claimed in time from the Controller of Cement. (Paragraph 5.1)

7. Activities of State Trading Corporation of Sikkim

The absence of proper planning and co-ordination with the indenting departments led to non-placement of funds resulting in the quotas of levy cement valued at Rs. 56.61 lakhs lapsing (1987-88) and offer of steel materials valued at Rs. 139.03 lakhs at concessional prices not being availed of (1988-92).

Purchase of steel bars at higher rates resulted in extra expenditure of Rs. 16.12 lakhs.

Non-delivery of cement by transport contractors resulted in a loss of Rs. 16.67 lakhs.

Due to delay in submission of claims for freight reimbursement in respect of cement,

Rs. 184.12 lakhs remained unrealised relating to the years from 1979-80 to 1988-89 and loss of

Rs. 11.76 lakhs for the years from 1987-88 to 1991-92 occured due to failure to claim freight

reimbursement on steel.

There was wasteful expenditure of Rs. 0.83 lakh in hiring of residential flat for guest house.

A loss of Rs. 3.40 lakhs occurred due to shortage and clodding of cement.

(Paragraph 7.5)

AUDIT PARAGRAPHS

There was an excess payment of Rs. 0.92 lakh on printing of text books.

(Paragraph 3.2)

 Reimbursement of transportation charges of foodgrains amounting to Rs. 7.55 lakhs relating to the period from November 1989 to October 1990 was not claimed. After this had been pointed out by Audit, claims were preferred but remained to be recovered in full.

(Paragraph 3.4)

 Rupees 7.23 lakhs collected on account of sale proceeds of rice and sugar had not been deposited by a commission agent. (Paragraph 3.5)

- 11. The Forest Department incurred an infructuous expenditure of Rs. 4.13 lakhs on installation of intercom system as a result of awarding of the work to a private firm in contravention of the suggestion of the Finance Department. (Paragraph 4.2)
- 12. An amount of Rs. 2.38 lakhs intended for distribution among beneficiaries under Rural Sanitation Scheme had not been accounted for. (Paragraph 4.3)
- 13. Non-acceptance of lowest tenders in three cases resulted in an avoidable extra expenditure of Rs. 1.62-lakhs. (Paragraph 4.5)
- 14. The Rural Development Department incurre an extra expenditure of Rs. 1.06 lakhs due to irregular allowance of increase in price. (Paragraph 5.5)
- 15. Procurement of tubular trusses without assessing the actual requirement resulted in blocking of fund of Rs. 6.39 lakhs. (Paragraph 5.6)
- 16. Failure to correlate the sales tax returns with those of income tax and non-assessment of correct turnovers etc. resulted in non-realisation of income tax of Rs. 9.03 lakhs.

(Paragraph 6.7)

- 17. Non-levy of surcharge on arrears of electricity charges resulted in loss of revenue of Rs. 12.62 lakhs. (Paragraph 6.9)
- 18. Adoption of incorrect method for calculation of demand charges resulted in short-levy amounting to Rs. 12.29 lakhs. (Paragraph 6.10)
- 19. Failure to correlate the income tax returns with those of sales tax led to non-realisation of sales tax of Rs. 1.05 lakhs. (Paragraph 6.11)
- 20. There was a loss of Rs. 0.61 lakh due to embezzlement in the Sikkim Industrial Development and Investment Corporation Limited. (Paragraph 7.6)
- 21. Investment of Rs. 79.45 lakhs made by the Sikkim Flour Mills Limited in a cold storage plant proved injudicious and infructuous. (Paragraph 7.8)
- 22. Due to delay in intimation of revised rates of transportation of petroleum products to Indian Oil Corporation, the Sikkim Nationalised Transport suffered a loss of Rs. 3.44 lakhs.

 (Paragraph 7.9)

CHAPTER I

CHAP ACCOUNTS OF THE

1.1 Summarised Financial Position

The financial position of the State Government as on 31 March 1992 emerging from the Receipts and Disbursements and the Sources and Application of Funds for the year are detailed

I - Summarised financial position of the

(Rupees

			Co. A STATE PLANTER IN
As on 31 March 1991	Liabilities		As on 31 March 1992
48.80\$	Internal Debt		60.56
	Market Loan	22.20	
	Loans from Life Insurance		
	Corporation of India	1.87	
	Loans from National		
	Cooperative Development		
	Corporation	0.50	
	Loans from General Insurance	i.	
	Corporation of India	0.59	
	Loans from other Institutions	35.40	
76.23	Loans and Advances from the		
	Central Government		84.40
	Pre 1984-85 Loans	12.63	
	No -Plan loans	25.51	
	Loans for State Plan Schemes	40.44	
	Loans for Central and Centrally		
	Sponsored Plan Schemes	4.67	
	Ways and Means Advances	1.15	
15.62	Small Savings, Provident Funds etc.		19.42
3.37	Deposits		4.48
0.89	Reserve Funds		0.89
(-) 0.16	Contingency Fund		0.38
236.65*	Surplus on Government Account		
230.03	Last Year's balance	000.05	263.99
		236.65	
	Add Revenue Surplus during	07.04	(7)
	the year	27.34	
201.40			101 10

[@] Difference of Rs. 0.79 crore between the closing balance of 1990-91 and opening balance of \$\\$ Difference of Rs. 0.17 crore between the closing balance of 1990-91 and opening balance of No. 16 of the Finance Accounts 1991-92.

^{*} Difference of Rs. 0.62 crore is due to proforma correction carried out in 1991-92. Details are

TER I STATE GOVERNMENT

Appropriation Accounts and the Finance Accounts for the year 1991-92, the abstract of in the following statements:

Government of Sikkim as on 31 March 1992.

in crores) As on 31	Assets	As on 31 March 1992
March 1991 329.19	Gross Capital Outlay on Fixed Assets	397.49
	Investment in shares of Companies,	
	Corporations etc.	16.17
	Other Capital Outlay	381.32 ·

10.86@	Loans and Advances		10.97
	Development Loans	8.23	
	Loans to Government Servants		
	and Miscellaneous Loans	2.74	
0.13	Other Advances		0.13
1.81	Suspense and Miscellaneous Balances		6.65
0.45	Remittance Balance		1.65
	Cash		16.77
38.50	Cash balance deposits		
00.00	with other banks	4.81	
	Departmental Cash Balance including		
	Permanent Advance	0.87	
	Cash Balance Investment	11.09	
0.46	Earmarked Funds Invested		0.46
381.40		(X	434.12

1991-92 is due to proforma corrections made major heads 6216, 6851, 7075, 7452 and 7610. 1991-92 is due to proforma corrections carried out in 1991-92. Details are given in Statement

given in Statement Nos. 16 and 17 of the Finance Accounts 1991-92.

II. Abstract of Receipts and Disbursements for the year 1991-92.

SECTION A

RECEIPTS

	(Rupees in cror		
I.	Revenue Receipts -		182.44
(i)	Tax Revenue	15.44	
(ii)	Non-Tax Revenue	28.64	
(iii)	State's share of Union Excise		
	Duties	25.49	
(iv)	Non-Plan Grants	19.74	
(v)	Grants for State		
120.2	Plan Schemes	78.58	
(vi)	Grants for Central and		
11	Centrally Sponsored		
	Plan Schemes	14.55	

^{*} Minus balance was due to excess credit transactions

- REVENUE

DISBURSEMENTS

		(Rupees Non-Plan	in crores) Plan	-	otal 55.10
l.	Revenue Expenditure				
	Sector	00.00	(-) 0.61*	37.47	
(i)	General Services	38.08		52.37	
(ii)	Social Services	28.84	23.53	32.37	
(iii)	Agriculture and		40.00	27.05	
	Allied Activities	8.15	18.90	27.05	
(iv)	Rural Development	0.19	2.51	2.70	
(v)	Irrigation and	0.00	2.26	2.58	
	Flood Control	0.32	0.98	8.53	
(vi)	Energy	7.55		2.99	
(vii)	Industry and Minerals	1.06	1.93	100 PM 100	
(viii)	Transport	17.01	1.53	18.54	
(ix)	Science, Technology and				
(1/4)	Environment		0.77	0.77	
	General Economic Services	0.67	1.43	2.10	
(x)	Gerieral Economic Cervisco	101.87	53.23	155.10	
H.	Revenue Surplus Carried Over	r to Section B			27.34 182.44

over debit transactions under 'Suspense Stock'.

			SECTION B
II.	Opening Cash Balance including	7(4)	
	permanent advance and cash		
HI.	balance investment		38.50
700	Recoveries of Loans Advances	8	0.30
(i)	From Government Servants	0.30	
(ii)	From Others	***	
IV.	Revenue Surplus brought down	5 v	27.34
٧.	Contingency Fund		0.54
VI.	Public Debt Receipts	021	
(i)	Internal Debt other than Ways and		23.73
	Means Advances	12.25	
(ii)	Loans and Advances from Central	12.23	
	Government	11.40	
VII.	Public Account Receipts	11.48	
(i)	Small Savings, Provident Funds, etc.		246.92
		5.74	
(ii)	Suspense and Miscellaneous	117.42	
(iii)	Remittances	118.28	
(iv)	Deposits and Advances	5.48	

^{*} Rupees 40,498 only.

				2504
- 0	THERS	Non-Plan	Plan	Total
III.	Capital Outlay -			68.31
	Sector			
(i)	General Services	_	3.97	
(ii)	Social Services	_	16.54	
(iii)	Agriculture and Allied			
	Services		2.03	
(iv)	Industry and Minerals		2.35	
(v)	Energy	_	27.06	
(vi)	Transport	_	15.51	
(vii)	General Economic Services	0.38	0.47	
IV.	Loans and Advances disbursed			0.42
(i)	To Government Servants		0.42	
(ii)	To others		· · ·	
٧.	Contingency Fund			_
VI.	Repayment of Public Debt.			3.79
(i)	Internal Debt other than Ways			
	and Means Advances		0.49	
(ii)	Repayment of Loans and Advances			
	to Central Government		3.30	
VII.	Public Account Disbursements			248.04
(i)	Small Savings, Provident Fund, etc.		1.94	
(ii)	Suspense and Miscellaneous		122.26	
(iii)	Remittances		119.48	
(iv)	Deposits and Advances		4.36	
	Cash Balance at end			16.77
(i)	Cash Balance Deposits with other			
	banks		4.81	
(ii)	Departmental cash balance			
	including permenent advance		0.87	
(iii)	Cash Balance Investment		11.09	
			85	337.33
				-

Statement III - Sources and Application

SI.				٥
No.	Sources			
		100		(Rupees in crores)
1.	Revenue Receipts			182.44
2.	Increase in Public Debt			19.94
3.	Effect on Contingency Fund			0.54
4.	Decrease in closing cash balance			
	including permanent advance, departmental	×		
	cash balance and cash balance investment			21.73
5.	Net Receipts from Public Account			(-) 1.12
	Increase in Small Savings		(+) 3.80	
	Suspense and Miscellaneous		SAN AND MARKET S	
	Balance	u)r	(-) 4.84	
	Effect on Remittance Balance		(-) 1.20	
	Increase in Deposits and			
	Advances		(+) 1.12	

of Funds for 1991-92

SI.				
No.	Application	×		
			(Rupees in crores)
1.	Revenue Expenditure		155.10	
2.	Capital Outlay		68.31	
3.	Lending for development and			
	other programmes		0.12	

Explanatory Notes

- **1.1.1.** The summarised financial statement is based on the statements of the Finance Accounts and Appropriation Accounts of the State Government and are subject to the notes and explanations contained therein.
- **1.1.2.** Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Thus items payable or receivable or items like depreciation or variation in stock, fixtures etc. do not figure in the accounts.
- 1.1.3 Although a part of revenue expenditure (grants) and the loans are used for capital formation by the recipients, its classification in the accounts of the State Government remains uneffected by end use.
- 1.1.4 There was an unreconciled difference of Rs. 1.62 crores (net debit) between the figures reflected in the accounts and those reported by the State Bank of Sikkim under cash balance. The discrepancy is under reconciliation.
- 1.1.5 Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government account with the result that the cumulative position of such surplus or deficit is not ascertainable. The balancing figure of Rs. 49.70 crores as on 31 March 1983 was, therefore, treated as surplus for drawing up the first statement of financial position for 1983-84 which took the place of a Balance Sheet.

Based on the foregoing statements and other supporting data, the following paragraphs present an analysis of the management of the finance of the State Government during the year 1991-92.

1.2 Assets and liabilities of the State Government

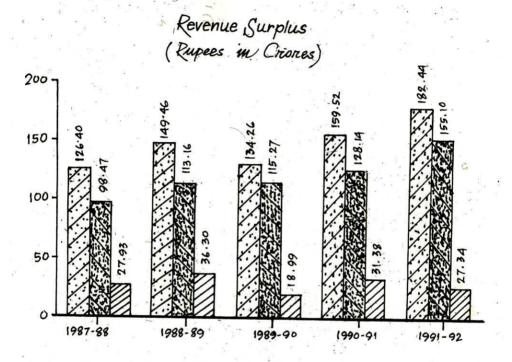
The assets, comprising capital investments and loans advanced and the total liabilities of the State Government during 1987-92 were as follows:-

	(Rupees in cr	ores)
At the end of	Assets	Liabilities
1987-88	213.77	64.41
1988-89	268.47	82.81
1989-90	321.27	116.62
1990-91	381.40	144.75
1991-92	434.12	170.13

While the assets have grown by 103 per cent during 1987-92, the increase in liabilities during the same period was 164 per cent.

Assets and Liabilities of the State Government (Rupees in Crores) 450 400 350 300 250 200 150 100 50 1987-88 1988-89 1989-90 1990-91 1991-92

Assets Liabilities
(Refer Paragraph: 1.2)



Receipts Expenditure De Revenue Surplus (Reger Paragraph: 1.4)

1.3 Overall deficit

An overall deficit of Rs. 13.08 crores was anticipated at the Budget stage which was revised to and Rs. 23.92 crores at the Revised Estimate stage against which the actual deficit was Rs. 15.84 crores. The variation in the estimates and actuals was mainly due to restrictions on expenditure on the less priority items, unproductive investments and strengthening of tax collection.

1.4 Revenue surplus

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

Year	Revenue receipts	Revenue expenditure	Revenue surplus
	(Ru	pees in crores)	
1987		98.47	27.93
1988		113.16	36.30
1989	A CONTROL OF THE PARTY OF THE P	115.27	18.99
1990	120 20 1/	128.14	31.38
1991		155.10	27.34

By the end of 1991-92, the revenue receipts had increased by 44 per cent over 1987-88 as against the growth of 58 per cent in revenue expenditure during the same period.

The revenue surplus as envisaged in the budget estimates and revised estimates and the actuals during 1987-88 to 1991-92 are given below:-

Year	Revenue	Surplus	
	Budget estimates	Revised estimates	Actuals
	(Ru	pees in crores)	
1987-88	27.94	24.66	27.93
1988-89	29.66	29.90	36.30
1989-90	24.35	18.78	18.99
1990-91	28.85	28.03	31.38
1991-92	39.05	29.39	27.34

1.5 Revenue receipts

The budget estimates and actual revenue receipts during the last five years ending

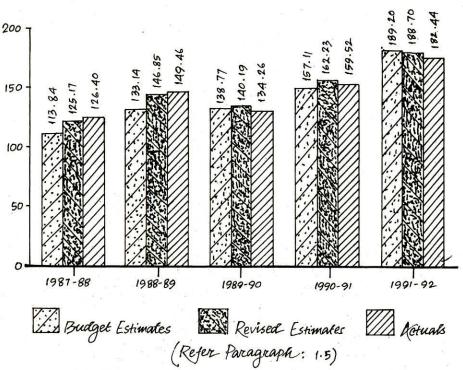
1991-92 are given below:-

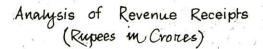
Year	Budget	Revised	Actuals	Percentage of
	estimates	estimates		increase (+)/
9				shortfall (-) in
				revenue receipts over the previous year
		(Rupees	in crores)	
1987-88	113.84	125.17	126.40	11
1988-89	133.14	146.85	149.46	18
1989-90	138.77	140.19	134.26	(-) 10
1990-91	157.11	162.23	159.52	19
1991-92	189.20	188.70	182.44	14

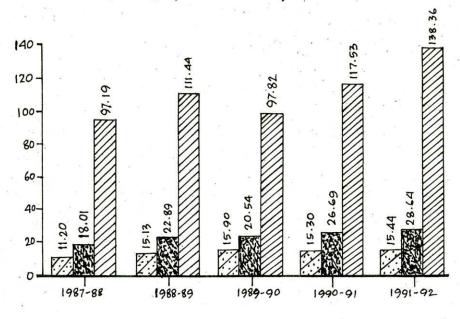
The position of revenue raised by the State and of the State's share of Union Excise Duties and grants received from the Government of India was as follows:-

-						
		1987-88	1988-89	1989-90	1990-91	1991-92
1.	Revenue raised by the State		(Hupe	es in cro	res)	
	Government					
(a)	Tax Revenue	11.20	15.13	15.90	15.30	15.44
(b)	Non Tax Revenue	18.01	22.89	20.54	26.69	28.64
	Total :	29.21	38.02	36.44	41.99	44.08
II.	Receipts from					
	Government of India					
(a)	State's share of				40	
5.0	Union Excise Duties	15.27	19.14	17.00	21.20	25.49
(b)	Grants-in-aid	81.92	92.30	80.82	96.33	112.87
	Total:	97.19	111.44	97.82	117.53	138.36
III.	Total receipts of					
	State Government					
	(Revenue Account)	126.40	149.46	134.26	159.52	182.44
IV.	Percentage of revenue raised to				100.02	102.77
	the total receipts	23	25	27	26	24

Revenue Receipts (Rupees in Crones)







Tax Revenue Mon-Tax

Revenue

Receipts from Government of India

· (Refer Paragraph: 1.5)

The percentage of revenue raised by the State Government to the total revenue receipts decreased from 26 in 1990-91 to 24 in 1991-92.

The revenue receipts of the State Government increased by 44 per cent from Rs. 126.40 crores in 1987-88 to Rs. 182.44 crores in 1991-92. The revenue from the State's own resources, increased by 51 per cent during these years. Tax revenue raised by the State Government increased by 38 per cent from Rs. 11.20 crores in 1987-88 to Rs. 15.44 crores in 1991-92, while collections from non-tax revenue increased by 59 per cent from Rs. 18.01 crores in 1987-88 to Rs. 28.64 crores in 1991-92. Further analysis of the State's revenue receipts is given in Chapter VI of this Report.

1.6 State's share of Union Excise Duties and Grants-in-aid received from the Government of India

Of the revenue receipts of Rs. 182.44 crores during the year, Rs. 138.36 crores were received from the Government of India as grants-in-aid and State's share of Union Excise Duties which constituted 76 per cent of the total revenue receipts and 89 per cent of the revenue expenditure. The year-wise details for the five year period ending 31 March 1992 are given below;

Year	State's share	Grants-in-aid	Total	As Perce	entage of
	of Union	received from		Revenue	Revenue
5561	Excise Duties	Government of India		receipts	expenditure
	(Ru	pees in crore	es)		
1987-88	15.27	81.92	97.19	77	99
1988-89	19.14	92.30	111.44	75	98
1889-90	17.00	80.82	97.82	73	85
1990-91	21.20	96.33	117.53	74	92
1991-92	25.49	112.87	138.36	76	89

As in previous years, a part of the amounts released by the Government of India towards grants-in-aid and State's share of Union Excise Duties was not credited to Government Account during 1991-92 by the State Government. The amount held back during 1991-92 was Rs. 11.06 crores. In addition, amounts aggregating Rs. 2.59 crores relating to 1987-88 (Rs. 0.33 lakh), 1988-89 (Rs. 2.90 lakhs) and 1990-91 (Rs. 255.88 lakhs) were held back till the end of 1991-92. On the other hand, Rs. 6.64 crores pertaining to the year 1990-91 was credited during the current year i.e. 1991-92.

1.7 Revenue Expenditure

(a) The revenue expenditure (Plan) during 1991-92 was Rs. 53.23 crores (Rs. 40.88 crores during the previous year) against the budget estimates of Rs. 53.87 crores revised to Rs. 56.62 crores disclosing a shortfall of Rs. 3.39 crores in Plan expenditure. The non-Plan revenue expenditure was Rs. 101.87 crores against the budget provision of Rs. 100.49 crores disclosing an excess of Rs. 1.38 crores. The main reasons for the excess in expenditure are given in

Chapter II of this Report. Further details wherever furnished by the State Government are available in the Appropriation Accounts of the State Government for 1991-92.

(b) The following table gives the expenditure under Plan and non-Plan during the five years from 1987-88 to 1991-92 together with percentage to the total revenue expenditure:-

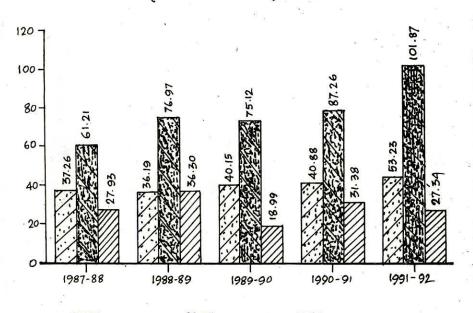
Year	Total revenue expenditure	Plan expen- diture	Percentage to the total revenue expenditure	Non-Plan expen- diture	Percentage to the revenue expenditure
	(Rupees in	crores)	(1	Rupees in cro	res)
1987-88	98.47	37.26	38	61.21	62
1988-89	113.16	36.19	32	76.97	68
1989-90	115.27	40.15	35	75.12	65
1990-91	128.14	40.88	32	87.26	68
1991-92	155.10	53.23	34	101.87	66

It would be seen that while the total expenditure has shown an upward trend over the years, expenditure under Plan, has declined from 38 per cent of the total revenue expenditure during 1987-88 to 34 per cent in 1991-92. On the other hand, non-Plan expenditure has increased from 62 per cent of the total revenue expenditure in 1987-88 to 66 per cent during 1991-92.

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

	Department .	1987-88	1991-92	Percentage of increase in1991-92 over 1987-88.
	w w	(Rupees	s in crores)	
(1)	Land Revenue	0.18	0.63	250
(2)	Pension and other			
(8 //51)	Retirement Benefits	0.56	1.80	221
(3)	Council of Ministers	0.41	1.31	220
(4)	Power	2.77	7.55	173
(5)	Mines & Geology	0.07	0.17	143
(6)	Medical and Public Health	3.12	6.24	100
(7)	Information and Publicity	0.15	0.30	100
(8)	Other Administrative			
	Services	0.71	1.37	93
(9)	Education	8.69	16.62	91

Growth of Revenue Expenditure (Rupees in Chores)

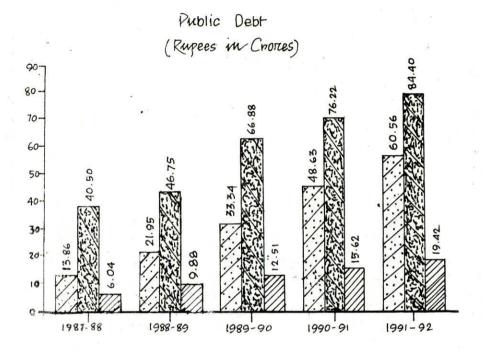


Dian Expenditure

Mon-Plan Expenditure

Revenue Surplus

(Refer Paragraph: 1.7(6))





Loans and Others
Advances

(Refer Paragraph: 1.9)

1.8 Capital Expenditure

The capital expenditure during the period from 1987-88 to 1991-92 was as follows:-

Year	Capital expenditure	Percentage of growth over the previous year
	(Rupees in crores)	\$1
1987-88	36.89	16
1988-89	46.27	25
1989-90	46.59	1
1990-91	50.38	8
1991-92	68.31	36

Though the capital expenditure increased by 36 per cent during 1991-92, it was less by Rs. 8.47 crores (11 per cent) than the budget estimates (Rs. 76.78 crores). The main reasons for shortfall in expenditure have been indicated, wherever furnished by the State Government, in Chapter II of this Report and the Appropriation Accounts.

1.9 Public Debt and other liabilities

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

Public Debt of the State Government consists of internal debt and loans and advances from the Central Government. Internal debt comprises long term loans raised in the open market and loans received from financial institutions, etc. This also includes ways and means advances and bonds issued by the State Government. Loans and Advances from the Central Government represent loans received from the Government of India for execution of various Plan and non-Plan schemes. Besides, the Government has other liabilities on account of funds raised through small savings, provident funds, etc.

The details of total liabilities of the State Government during the five years ending March

1992 are given below :-

Year	Internal Debt	Loa	ns and	Total	Small Savings,	Total
		Adv	ances	rom Public	Provident	liabili-
		the	Central	Debt	Funds etc.	lities
3	•	Gov	ernmei	nt		TR.
		(Rupees	in	crores)		
1987-88	13.86	4	0.50	54.36	6.04	60.40
1988-89	21.95	4	6.75	68.70	9.88	78.58
1989-90	33.34	6	6.88	100.22	12.51	112.73
1990-91	48.63	7	6.23	124.86	15.62	140.48
1991-92	60.56	8	4.40	144.96	19.42	164.38

It will be seen that while the total liabilities of Government had increased by 172 per cent from Rs. 60.40 crores in 1987-88 to Rs. 164.38 crores in 1991-92, internal debt had increased at a much faster rate by 337 per cent from Rs. 13.86 crores in 1987-88 to Rs. 60.56 crores in 1991-92.

1.9.2 Debt Service

The outflow of funds on account of interest payments (gross) has been gradually rising with such payment during 1991-92 being 274 per cent more than the amount paid in 1987-88 as shown below:-

t.s	Year	Revenue expenditure	Interest payment	Interest payment as a percentage of revenue expenditure
		(Rupees i	n crores)	
	1987-88	98.47	3.98	4
	1988-89	113.16	5.53	5
	1989-90	115.27	7.44	6
	1990-91	128.14	10.44	8
	1991-92	155.10	14.88	10

The outflow of funds on account of payment of interest increased from 4 per cent of the revenue expenditure in 1987-88 to 10 per cent in 1991-92.

The interest received on all accounts was Rs. 2.31 crores while the interest paid on debt and other obligations was Rs. 14.88 crores leaving a net interest burden of Rs. 12.57 crores.

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

Year	Repayment of principal	Payment of interest	Total	Loans received	Percentage of repayment to loans received
	0.	(Rupees in crores)			
1987-88	1.66	2.39	4.05	7.99	51
1988-89	2.31	3.03	5.34	8.56	62
1989-90	2.92	3.69	6.61	23.05	29
1990-91	2.99	5.13	8.12	12.33	66
1991-92	3.30	7.56	10.86	11.48	95

It would be seen that an amount equivalent to 95 per cent of the loans received in 1991-92 was utilised for discharge of the previous years' liabilities towards principal and interest

thereon.

1.10 Investment and returns

The total investments of the Government in statutory corporations, Government companies and public sector undertakings was Rs. 16.17 crores at the end of 1991-92. The details of amounts invested and the dividend received thereagainst during the last five years are given below:-

Year	Amount invested during the year	Total investment upto the end of year	Dividend received	Percentage of dividend/ interest received to total investment
		(Rupees in	crores)	
1987-88	1.63	8.43	0.66	8
1988-89	1.30	9.73	1.61	17
1989-90	1.08	10.81	0.70	6
1990-91	3.38	14.19	1.06	7
1991-92		16.17	0.96	6
			The state of the s	

The dividend of Rs. 0.96 crore was received from two units (Sikkim Distilleries Limited: Rs. 0.73 crore and Sikkim Time Corporation Limited: Rs. 0.23 crore) in which the Government had invested Rs. 6.07 crores (Sikkim Distilleries Limited: Rs. 1.53 crores; Sikkim Time Corporation Limited: Rs. 4.54 crores) to the end of March 1992. The dividend of Rs. 0.23 crore received from the Sikkim Time Corporation Limited comprised dividends declared for 1986-87 and 1988-89 and credited to Government account in 1991-92. Detailed information in respect of dividend amounting to Rs. 0.73 crore declared by Sikkim Distilleries Limited is awaited. No dividend was received from any of the remaining 17 units, in which a total amount of Rs. 10.10 crores stood invested to the end of 1991-92.

1.11 Loans and Advances by the State Government

The State Government has been advancing loans to Government companies, corporations, autonomous bodies, co-operatives, non-Government institutions etc. for developmental and non-developmental activities. The position of such loans during the five years 1987-92 is given below:

Year	Opening balance	Advanced during the year	Recovered during the year	Closing balance	Net add- ition	Interest received and cre-	Net receipts from long term
	C					dited to Govt.	borrowings
			(Rupees in	n crores	s)		
1987-88	5.50	1.42	0.86	6.06	0.56	0.33	9.32
1988-89	6.06	1.85	0.51	7.40	1.34	@	14.34
1989-90	7.40	1.82	0.36	8.86	1.46	nil	31.53
1990-91	8.86	1.43	0.22	10.07	1.21	*	24.62
1991-92	10.85#	0.42	0.30	10.97	0.12	nil	19.94

The net loans and advances disbursed during each of the five years 1987-92 constituted 6,9,5,5 and 1 per cent respectively of the net receipts from long term borrowings of the State Government.

1.12 Guarantees given by Government

Guarantees upto a maximum of Rs 10 lakes each were given by the State Government to the State Bank of Sikkim in August 1975 and July 1976 in respect of advances (overdraft) made by the Bank to the Sikkim Mining Corporation and Sikkim Consumers' Co-operative Society respectively. The amount of outstanding overdraft of the Sikkim Consumers' Co-operative Society was Rs 4.79 lakes as on 31 March 1992. 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 guarantee on the security of the Consolidated Fund of the State.

[@] Rs. 30,000 only,

^{*} Rs. 75 only.

[#] Difference of Rs. 0.78 crore between the closing balance of 1990-91 and opening balance for 1991-92 was due to proforma corrections made under major heads 6216, 6851,7075, 7452 and 7610 (details are given in Statement 17 of the Finance Accounts 1991-92).

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 General

The summarised position of actual expenditure during 1991-92 against grants/appropriations* is given below:-

	Original grant/appr-opriation	Supplementary grant/app-ropriation	Total	Actual expenditure	Saving
	•	. (Rupe	es in la	akhs)	
I. Revenue		, .		14	
Voted	13909.45	1400.83	15310.28	14368.46	941.82
Charged	1520.80	92.12	1612.92	1559.99	52.93
II. Capital					
Voted	7051.18	563.26	7614.44	6830.51	783.93
III. Public Debt					
Charged	420.63	5. 5 3	420.63	379.33	41.30
IV. Loans and					
Advances					
Voted	206.10	- 2	206.10	41.52	164.58
	23108.16	2056.21	25164.37	23179.81	1984.56

^{*} In a demand the grants are voted and appropriations are charged.

2.2 Results of Appropriation Audit

The overall saving of Rs.1984.56 lakhs was the net result of saving in 58 cases of grants/ appropriations and excess in 15 cases of grants as shown below :-

		Savings	Ex	cesses	Net Savings		
	Revenue	Capital	Revenue	Capital	Revenue	Capital	
		(Ru	oees in	lakhs)		761	
Voted	1077.63	986.02	135.81	37.51	941.82	948.51	
	(40)	(10)	(13)	(2)			
Charged	52.93	41.30		(.	52.93	41.30	
	(7)	(1)					
		0. 0.0				1984.56	

The supplementary grants/appropriations of Rs. 2056.21 lakhs obtained during 1991-92 constituted 9 per cent of the original grants/appropriations, as against 6 per cent in the preceding year.

2.2.1(a) Excess over grants/appropriations

In the revenue section there was total excess of Rs. 1,35,81,411 in 13 grants, while the the excess in the capital section amounted to Rs. 37,50,605 in 2 grants, as detailed below :-

Number and name of	Amount voted	Actual	Excess
Grant		expenditure	
Revenue	(In Rupees)		
1 - State Legislature	62,55,000	66,01,223	3,46,223
6 - Land Revenue	63,80,000	66,81,674	3,01,674
8 - Excise (Abkari)	32,87,000	33,49,869	62,869
9 - Taxes on Vehicles	7,12,000	7,12,807	807
23 - Art and Culture	80,86,000	80,92,365	6,365
24 - Medical and			
Public Health	9,68,70,000	10,65,25,392	96,55,392
26 - Urban Development	1,12,22,000	1,12,64,444	42,444
27 - Information			
and Publicity	63,35,000	63,71,113	36,113
30 - Nutrition	1,16,65,000	1,17,27,390	62,390
34 - Agriculture	6,26,66,000	6,40,57,522	13,91,522
38 - Fisheries	34,85,000	34,96,185	11,185
41 - Food Storage and			
warehousing	56,90,000	61,11,926	4,21,926
46 - Industries Capital	2,56,03,000	2,68,45,501	12,42,501
25 - Water Supply and			
Sanitation	8,34,70,000	8,62,76,272	28,06,272
45 - Power	26,96,25,000	27,05,69,333	9,44,333
	60,13,51,000	61,86,83,016	1,73,32,016

A part of the excess (Rs. 1,59,538) under 'State Legislature' was attributed to purchase of an additional vehicle for VIP's; reasons for excess of the balance amount have not been intimated (March 1993). Excess of Rs. 8,19,995 under 'Agriculture' was stated to be due to clearance of outstanding bills; reasons for excess of the balance amount have not been intimated (March 1993). Excess of Rs. 8,91,776 under 'Power' was stated to be due to release of payment through Power Finance Corporation at the end of the year and due to adjustment of interest by Rural Electrification Corporation; reasons for the balance amount of excess have not been intimated (March 1993). The reasons for excess under other heads have not been intimated (March 1993).

The excesses require regularisation under Article 205 of the Constitution.

2.2.1(b) Delay in regularisation of excessess of earlier years

The excesses incurred in grants/appropriations during 1979-80 to 1990-91 amounting to Rs. 275.26 lakhs mentioned in the reports of the Comptroller and Auditor General of India for the years have not been regularised so far (October 1992). Out of this, explanatory notes for excesses aggregating Rs. 126.79 lakhs (1989-90: Rs. 79.63 lakhs and 1990-91: Rs. 47.16 lakhs) have not been received from Government.

2.2.2. Supplementary provisions of Rs. 446.14 lakhs obtained in 1 appropriation and 10 grants (*Appendix I*) proved wholly unnecessary since the actual expenditure during the year was less than even the original provision. In 2 appropriations and 16 grants (*Appendix II*), the supplementary grants of Rs. 893.44 lakhs obtained proved excessive in view of the final savings of Rs. 173.64 lakhs.

In 14 grants (*Appendix III*) supplementary provisions of Rs. 699.63 lakhs obtained proved insufficient leaving an aggregate uncovered excess of Rs. 172.90 lakhs.

2.3 (a) Unutilised Provisions

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

SI. No.	Number and name of tne grant/appropriation	Amount of saving (per-centage of saving to total provision) (Rupees in lakhs)	Reasons for saving
	Revenue - Voted	(riaposo iii iaiiiio)	
1.	4- Election	29.70 (48)	Reasons for the savings have not been intimated (October
2.	17- Public Works	100.21	1992). Savings of Rs. 10 lakhs
	(Buildings)	(14)	was attributed to non-utilisation of fund under stock. Reasons for the balance saving had not been intimated (October 1992)
3.	18- Other Administrative Services	29.95 (18)	Saving of Rs. 9.94 lakhs was attributed to economy measures, non-recruitment of Home Guards, non-recruitment of officers and staff of civil defeated and staff of civil defeated.
			fence and non-establishment of office of civil defence, non- purchase of uniforms and non-

	8		receipt of bills for repairs of vehicles etc. Reasons for the balance saving have not been intimated (October 1992).
4	31- Relief on Account of Natural Calamities	309.11 (51)	Reasons for the savings have not been intimated (October 1992).
5.	43- Rural Development	45.72 (14)	Reasons for saving were attributed to non-debiting of expenditure realised from Government of India for Sikkim Rural Development Agency non-receipt of proposal, non-
6.	48- Roads and Bridges	160.24 (16)	receipt of bills and non-receipt of materials etc. Savings of (Rs. 139.45 lakhs) occurred due to non-receipt of details of expenditure under Strategic and Border Roads from the Ministry of Shipping and Transport. Saving of Rs. 26 lakhs which was surren-
7.	52-Tourism Capital - Voted	28.59 (18)	dered was attributed to economy measures. Saving was attributed to non-receipt of bills,non-completion of project and non-finalisation of proposal and deferment of Tourist Festival etc.
8.	26- Urban Development	12.94 (38)	Savings was attributed to restriction on State's share due to non-receipt of Central share.
9.	34- Agriculture	11.35 (24)	Saving of Rs. 3.42 lakhs was attributed to non-sanction of the scheme.Reasons for the balance savings have not been intimated (October 1992).
10.	46- Industries	150.27 (39)	Reasons for the savings have not been intimated (October 1992).
11.	48- Roads and Bridges	640.51	Saving was due to non-receipt

		(32)	of details/expenditure state- ments from Ministry of Ship- ping and Transport under
		1.5	Strategic and Border Roads.
12.	49- Road Transport	26.33	Saving was attributed to non-
	Services	(12)	completion of the schemes.
13.	54- Loans to Government	14.58	Savings was stated to be due
	Servants	(26)	to receipt of lower number of applications for House Building Advance than anticipated.

2.3 (b)

Persistent Savings
Persistent savings of 10 per cent and above were noticed in the following cases during

the last	t three years:-			
SI. No.			Savings	
	16.15	1989-90	1990-91	1991-92
			(Rupees in lakhs)
		(Percentage t	to the total provision	in brackets)
	Revenue-Charged			
1.	1- State Legislature	0.21	0.18	0.32
		(18)	(16)	(21)
2.	17- Public Works (Buildings)	2.07	1.70	0.77
	, -,	(74)	(72)	(33)
3.	19- Pension and other	0.20	0.20	0.20
	Retirement Benefits	(100)	(100)	(100)
	Revenue - Voted			
1.	7- Stamps and Registration	0.50	0.48	0.31
		(100)	(19)	(16)
2.	17- Public Works (Buildings)	309.97	183.96	100.21
	The state of the s	(79)	(31)	(38)
3.	20- Miscellaneous General	13.59	5.36	6.57
	Services	(79)	(31)	(38)
4.	43- Rural Development	93.34	48.30	45.12
TUTN:	•	(38)	(17)	(14)
5.	52- Tourism	95.55	15.66	28.59
•	-27	(35)	(13)	(18)
	Capital - Voted			
1.	48- Roads and Bridges	642.03	671.93	640.51
17.21		(40)	(40)	(32)
2.	54- Loans to Government	14.13	16.95	14.58
	Servants	(31)	(30)	(26)

2.4 Trend of recoveries and credits

Under the system of gross budgeting, the demands for grants presented to the Legislature are for gross expenditure and exclude all receipts and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. During 1991-92, such receipts and recoveries anticipated were Rs. 415.00 lakhs (Revenue) and the actuals were Rs. 419.21 lakhs as detailed below:-

Number and name	According to	Actual	Excess (+)	
of the grant	Budget estimates		Shortfall (-)	
	(Rupees i	n lakhs)		
17- Public Works (Buildings) 44- Irrigation and	275.00	289.95	(+) 14.95	
Flood Control	60.00	31.46	(-) 28.54	
45- Power	10.00	28.62	(+) 18.62	
48- Roads and Bridges	70.00	69.18	(-) 0.82	
Total	415.00	419.21	4.21	

2.5 Injudicious/irregular/inadequate reappropriations

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

Scrutiny of reappropriation orders revealed non-observance of the rules resulting in incorrect reappropriation. Some important instances involving injudicious/ irregular/ inadequate reappropriations are given in *Appendix IV*.

2.6 Non-receipt of explanation for savings/excesses

After the close of the accounts for the financial year, the detailed Appropriation Accounts showing the final grant/ appropriation, the actual expenditure and the resultant variations are sent by the Accountant General to the controlling officers requiring them to explain the variations. In regard to the Appropriation Accounts for the year 1991-92, explanations were not received (September 1992) for 20 out of 54 grants/ appropriations in which excesses or savings were reported.

2.7 Reconciliation of expenditure

Sikkim Financial Rules 1979, provide that the Administrative Department controlling

a grant or appropriation should reconcile the departmental figures of accounts with those booked by the Accountant General every month. Stress was also laid by several PACs (latest recommendations are contained in their Eight Report of Fourth Assembly presented to the House on 11 March 1992) on periodical reconciliation. During 1991-92, out of 54 grants, accounts of only 48 grants were fully reconciled by the concerned departments and accounts of 2 grants were partially reconciled. The expenditure (Rs. 1264.61 lakhs) incurred under the remaining 4 grants had not been reconciled.

CHAPTER III CIVIL DEPARTMENTS

EDUCATION DEPARTMENT

3.1 Operation Blackboard

3.1.1 Introduction

The scheme "Operation Blackboard" (Scheme) was sanctioned by the Government of India in the year 1987 with a view to effecting substantial improvement in primary education by providing the minimum level of facilities in all primary schools existing on 30 September 1986 and prescribing the minimum level of funding for all primary schools to be opened in future.

The objectives of the scheme were proposed to be achieved through the following interdependent components:

- (i) Provision of atleast two reasonably large all-weather rooms with a deep verandah and separate toilets for boys and girls,
- (ii) Provision of atleast two teachers, as far as possible one of them a woman, in every school, and
- (iii) Provision of essential teaching and learning equipment (TLE) such as blackboards, maps, charts, a small library, toys and games and some equipment for work experience.

3.1.2 Organisational set up

The scheme is being implemented by the Commissioner-cum-Secretary of the Education Department assisted by one Director, four Joint Directors, four Deputy Directors and other sub-ordinate staff.

Under the programme, a State Level Empowered committee (SLEC) was constituted (October 1987) consisting of representatives of the State and Central Governments and had the power to accord final sanctions.

3.1.3 Audit Coverage

The implementation of the scheme during the period from 1988-89 to 1991-92 was reviewed in audit during March-April 1992 based on a test check of the records in the Headquarters of the Education Department, all the four district offices* and 26 out of 509 schools.

3.1.4 Highlights

Due to delay in supply of stock materials, construction of school buildings was delayed by three months to two years. (Paragraph 3.1.7)

Expenditure of Rs. 37.83 lakhs on payment of teachers salaries of 45 schools not covered under the scheme was charged to the scheme which was irregular. (Paragraph 3.1.8))

The abbreviations used in this review are listed in the Glossary in Appendix IX (Page No.100) *Offices of the Deputy Directors-East district (Gangtok), North district (Mangan), South district (Namchi) and West district (Geyzing).

TLE worth Rs. 1.26 lakhs were distributed to Junior/Senior Secondary Schools which were not eligible for such assistance under the scheme. (Paragraph 3.1.9 (b))

There was an extra-contractual payment of Rs. 0.54 lakh to a firm.

(Paragraph 3.1.10(b))

3.1.5 Finance and Expenditure

(i) Funding Pattern

OB was a centrally sponsored scheme. Government of India provided 100 per cent assistance for two of the components of the scheme-appointment of second teacher in single teacher schools and purchase of TLE.

No separate funds were provided under the scheme for construction of buildings and the expenditure was to be met by provision of adequate funds by the State Government under the ongoing schemes like National Rural Employment Programme/ Rural Landless Employment Guarantee Programme/ Jawahar Rozgar Yojana etc. by treating the construction of school buildings as a high priority activity.

(ii) Budget Provision and Expenditure

The details of Central assistance received for the components of teachers salaries and TLE and the expenditure incurred thereagainst are given below:-

Year	Central assistance received	Total including previous year's balance	Budget provision	Expen- diture*	Shortfall with refer- ence to budget provision	Balance of Central assistance
		(Rupees	in	laki	n s)	
1988-89	50.63	50.63	41.57	41.57	Nil	9.06
1989-90	Nil	9.06	18.00	6.56	11.44	2.50
1990-91	15.36	17.86	18.00	9.56	8.44	8.30
1991-92	9.57	17.87	18.00	14.24	3.76	3.63
Total	75.56		95.57	71.93		

^{*}The figures are as per the books of the Accountant General with which the Department has not reconciled its figures.

For construction of school buildings, State funds were provided* through Rural Development Department during 1988-89 against which expenditure incurred was Rs.20.30 lakhs.

3.1.6 Targets and achievements

(a) Survey

According to the guidelines issued by Government of India,a survey of the existing facilities in the primary schools was to be conducted at block/municipal levels and the report submitted to the SLEC for its acceptance. Timely completion of the survey reports and their consolidation were essential pre-requisites for meeting the physical and financial targets envisaged in the scheme.

The Department stated (April 1992) that the reports were drawn up and accepted by the SLEC and the Government of India before release of funds. However, no documents in support of the above statement were made available to Audit. It could not, therefore, be verified whether the posts of additional teachers, the purchase of TLE and construction of school buildings were sanctioned as per the deficiencies in the survey reports.

(b) According to the guidelines issued by the Government of India, the scheme was to be implemented in a phased manner covering 20 per cent blocks in 1987-88, 30 per cent in 1988-89 and the remaining 50 per cent in 1989-90. The Department stated (April 1992) that as the State is too small, it was proposed to implement the scheme in 1987-88 itself. However, the actual implementation was done over a period of four years as shown in the following table:-

Year		Construction of school buildings				Appointment of teachers			Number of schools to be provided with TLE		
		T	Α	S	7.	Т	Α	S	T	Α	S
				(1	n	nι	ı m b	ers)			
1987-88	1	23	nil	23		45	45	nil	509	nil	509
1988-89		23	9	14		nil	nil	nil	509	nil	509
1989-90		14	14	nil		nil	nil	nil	509	nil	509
1990-91		nil	nil	nil		nil	nil	nil	509	509	nil

T: Targets, A: Achievements, S: Shortfall

It would be seen that while all the teachers (45) were appointed during the first phase i.e. 1987-88, the construction of school buildings and supply of TLE were taken up and completed only after a lapse of two to three years. The delay in construction of school buildings was attributed to shortage of materials while the delay in supply of TLE was stated to be due to late receipt of the articles from the supplier.

3.1.7 Construction of School Buildings

Under the scheme, 23 school buildings were targetted to be constructed in 1987-88. However, these were actually constructed in 1988-89 (9 Numbers) and in 1989-90 (14 Numbers) at a total cost of Rs. 20.30 lakhs.

Funds for construction were provided by the Department through the Rural Development Department. Test check of records revealed that in 13 cases there were delays in construction for periods ranging from three months to two years. The delays were attributed to non-availability of materials in time. Under the scheme, fencing was to be provided by the local community who were also required to give an undertaking for repair and maintenance of the buildings in future. Though land was provided by the local Panchayats, fencing was not provided nor was the required undertaking obtained.

3.1.8 Appointment of Second Teachers

According to the scheme, the reimbursement of the expenditure by the Central Government on appointment of second teachers was available in respect of the primary schools existing as on 30 September 1986 only and thus the lower primary schools established subsequent to this date were not eligible for Central assistance.

There were 509 schools in the State as on 30 September 1986 in which there was no deficiency of second teachers. However, it was noticed that during 1988-89 to 1991-92, the State Government claimed and obtained reimbursement of Rs. 37.83 lakhs towards the salary of additional teachers (45) in respect of 45 schools which were established in February 1987 only. The charging of the expenditure of Rs.37.83 lakhs on teachers salaries in respect of these schools was irregular.

3.1.9 Supply of TLE

Rupees 40.41 lakhs were spent during 1988-89 to 1991-92 under the scheme for purchase of TLE. The following irregularities were noticed in purchase and distribution of above items:-

- (a) The supply of equipment was to be made on a one time basis with reference to the deficiencies as per the survey reports. However, no documents were made available to show that the requirement was assessed and supplies made according to the survey reports.
- (b) Facilities under the scheme were admissible to the primary and lower primary schools only and junior/senior secondary schools, even if they had primary classes, were not eligible for assistance under the scheme.

However, TLE valued at Rs. 1.26 lakhs, purchased out of the the scheme funds were distributed to the junior/senior secondary schools (Senior Secondary Schools:107, Secondary Schools:53 and Junior High Schools:122) in violation of the scheme guidelines.

- (c) The Department purchased (March 1990) TLE worth Rs. 2.14 lakhs from a local firm without obtaining approval of the SLEC for the purchase. The actual date of receipt of the TLE was not indicated in the stock register nor could the supporting challans be produced to Audit. Further, the above items had not been issued (April 1992).
- (d) Test check of the records of 26 schools revealed that equipment and books valued at Rs.0.19 lakh were short received or not received at all by 16 schools.

The following materials were shown to have been distributed to schools, but documents (e) in support of their purchase/receipt were not made available to Audit.

	Items .	Quantity	Rate (in rupees)	
i)	Education chart	476 sets	66.50 per set	
ii)	Birds and animals puzzle	1527 sets	54.00 per two sets	
iii)	Toys	978 sets	135.00 per set	
iv)	Swing rope with tyre	489 sets	45.00 per set	

3.1.10 Other Points of Interest

(a) Non-deduction of income-tax from suppliers bills

According to a Notification issued in June 1985 by the Income Tax Department of the State government, income-tax at the rate of 3 per cent of the value of supplies made was to be deducted by all Departments at the time of payment of suppliers bills. However, it was noticed that income tax of Rs. 0.32 lakh was not deducted by the Department from five suppliers bills paid during October 1989 to March 1990.

(b) Extra contractual payment to a firm

In response to the tenders invited by the Department (September 1988), a Calcutta based firm had quoted the lowest rates for Primary Science Kit as shown below :-

Rate per set

Best quality: Rs. 480

Standard quality: Rs 395 Rs 375

Ordinary quality:

These were according to the prevalent rates approved by the National Council of Education, Research and Training (NCERT).

On the basis of specimen furnished by the firm, the Department placed an order (September 1988) on the firm for supply of 493 kits of ordinary quality at the rate of Rs. 375 per kit. The firm, while accepting the purchase order requested advance payment of Rs. 5.93 lakhs which was made in January 1989. However, at the time of final payment (October 1989), the firm was paid at the rate of Rs. 480 per set on the ground that the NCERT had revised the rates with effect from 1 April 1988. This resulted in an extra contractual payment of Rs. 0.54 lakh to the firm as the firm has contracted to supply of the kits at the rate of Rs. 375 per set.

(C) Unadjusted advances

Government of India released (March 1988) Rs. 41.57 lakhs under the scheme towards salaries of teachers (Rs.1.16 lakhs) for February 1988 and March 1988 and purchase of TLE (Rs. 40.41 lakhs). Out of Rs. 40.41 lakhs, an amount of Rs. 39.85 lakhs was shown as expenditure leaving an unspent balance of Rs. 0.56 lakh; this included advances of Rs. 8.08 lakhs given (April 1989) to various officers for purchase of TLE which have not been adjusted (March 1993).

3.1.11 Monitoring and Evaluation

(a) According to the scheme, quarterly progress reports were to be submitted to the Government of India.

Scrutiny of the progress reports revealed that :

- i) There were delays in submission of the reports ranging from 1 to 7 months, and
- ii) Purchase of TLE worth Rs. 0.86 lakh was not exhibited in the progress reports.
- (b) No evaluation of the scheme has been undertaken by the State Government so far (April 1992).
- **3.1.12** The points mentioned above were referred to the Department/Government in April 1992/June 1992; replies have not been received (October 1992).

3.2 Excess payment for printing of text books

In December 1988, the Department placed an order with a local firm for the printing of text books (41 titles) for the academic year 1989 at an estimated cost of Rs. 6.96 lakhs. According to the terms of the work order, the printing charges were to be regulated with reference to the number of pages printed. On receipt of the printed copies of books, the actual cost, on the basis of number of printed pages, worked out to Rs. 6.48 lakhs against which the Department paid (February 1990) Rs. 6.96 lakhs (on the basis of the numbers of pages estimated at the time of placing the print order) resulting in excess payment of Rs. 0.48 lakh.

Similarly, against an order placed on the same firm for the printing of text books (9 titles) for the academic year 1990, the Department paid (May 1990) Rs. 2.33 lakhs on the basis of estimated cost as against the actual amount of Rs. 1.89 lakhs admissible. This resulted in excess payment of Rs. 0.44 lakh. Thus, the total excess payment worked out to Rs. 0.92 lakh.

The Department stated (July 1991) that the reduction in the number of pages was effected by the publisher by his own efforts by proper location of illustrations as well as printing spaces and that payment for the quantum of paper thus reduced had not been made as the allocation of paper was done separately and that the payment made related only to actual printing, illustration etc. on the basis of the manuscript supplied. This reply is not tenable as, according to the work order, printing charges were to be based on the number of pages printed. In its further reply (July 1992), the Department intimated that the excess payment was made due to oversight and that steps had been initiated to recover the amount from the firm. Report of recovery is awaited (November 1992).

FINANCE DEPARTMENT

3.3 Infructuous expenditure

The Department purchased (March 1984) one HCL System 2 computer from a computer firm for Rs. 4.16 lakhs (cost: Rs.4.09 lakhs plus incidental expenses: Rs. 0.07 lakh). According to the terms and conditions of purchase, the Department was to pay maintenance charges beyond the guarantee period of 12 months from the date of installation (May 1984).

It was noticed in audit (July 1991) that though the firm lent the services of one

programmer during the guarantee period, the Department did no take any action to get any of its officials trained to operate the machine not did it arrange to take over charge of the machine from the programmer after the expiry of the guarantee period. As a result, the machine remained idle after expiry of the guarantee period for want of trained personnel. Subsequently, in March 1986, on a request made by the Department, the firm deputed one of its customer engineers who pointed out that some parts of the machine were missing/were out of order and declared the machine irreparable. Not withstanding the above, the Department paid Rs. 0.63 lakh towards annual maintenance charges for the period from 15 September 1985 to 14 September 1986. Further, no action to investigate and fix responsibility for the loss of parts was taken.

Failure of the Department to get its officials trained to operate the machine and the subsequent loss of parts rendering the machine irreparable resulted in the entire expenditure of Rs. 4.79 lakhs being largely infructuous.

The Department stated (August 1992) that the unusable machine was to be taken back by the firm but due to change in technology the salvage value of the machine was said to be almost nil and that the Department was processing the case for disposal/write off of the machine in view of its non-utility. Further developments are awaited (November 1992).

FOOD AND CIVIL SUPPLIES DEPARTMENT

3.4 Full reimbursement of transportation charges not claimed

Transportation charges for carriage of foodgrains from the godown of the Food Corporation of India (FCI) to principal distributing centers are reimbursed by FCI on the basis of claims preferred by the Department. Test check (February-March 1991) of records of Food and Civil Supplies Department revealed that during November 1989 to October 1990, the Department lifted 39969.5 tonnes of foodgrains from the FCI godown at New Jalpaiguri (NJP) and transported the same to Sikkim Nationalised Transport (SNT) godown at Siliguri by SNT trucks/private trucks and subsequently despatched them to various destinations in Sikkim. Instead of claiming reimbursement of transportation charges of the above foodgrains from the FCI godown, NJP, the Department claimed and obtained reimbursement of transportation charges from SNT godown at Siliguri to various distributing centres only. As the Department did not prefer claim for reimbursement of transportation charges from FCI godown, NJP to SNT godown, Siliguri an amount of Rs. 7.55 lakhs was not realised (March 1992).

On this being pointed out in audit, the Department reported (June 1992) that reimbursement claims aggregating Rs.14.55 lakhs relating to the period from November 1986 to March 1990 were preferred (June 1991) by the Department out of which Rs. 3.54 lakhs were realised in November 1991. The Department further intimated that the FCI authorities had assured release of the balance dues by the end of June 1992. Further developments regarding the receipt of the remaining amount and claims relating to the period from April 1990 to October 1990 are awaited (November 1992).

3.5 Non-realisation of sale proceeds of rice and sugar

Prior to July 1990, in the absence of bank facilities at Dikchu, the Department appointed a commission agent for collection and deposit of sale proceeds of rice and sugar into the

Department's account in the State Bank of Sikkim at Gangtok. No surety/security was obtained from the commission agent though he was entrusted with the handling of the Government money.

Test-check of the records (February-March 1991) of the Food and Civil Supplies Department revealed that the agent collected an amount of Rs. 60.86 lakhs during the period from March 1989 to June 1990. Of this, an amount of Rs. 14.13 lakhs was not deposited into the Department's account but retained by the agent (March 1991).

The Department intimated (April 1993) that out of the Rs. 14.13 lakhs, Rs.6.90 lakhs were deposited by the agent upto the end of the third week of April 1993 and the Department had lodged (February 1991) a complaint with the Police for investigation of the case.

3.6 Excess expenditure on transportation of foodgrains

The Department engaged (April 1980) an agent at Siliguri to take delivery of foodgrains (rice and wheat) from the Civil Supply Depot (CSD) at New Jalpaiguri (NJP) and despatch them to various destinations in Sikkim through the trucks of Sikkim Nationalised Transport (SNT). According to the terms and conditions of the appointment, the agent was entitled to a commission fixed from time to time which varied from 8 paise per quintal in 1980 to 70 paise per quintal in 1989.

It was noticed during test check (March 1991) of the records of the Food and Civil Supplies Department that during the period from December 1988 to January 1991, the foodgrains, instead of being despatched direct from CDS godown at NJP to the destinations in Sikkim as provided in the agreement and as was being done prior to December 1988, were first taken to the SNT godown at Siliguri through private trucks and subsequently despatched to destinations in Sikkim through SNT trucks. Reasons for the change in the policy were not on record. For this transhipment, the Department paid an amount of Rs. 9.42 lakhs to the agent towards loading and unloading charges, weighment charges at SNT godown etc.

The transhipment of foodgrains to the SNT godown at Siliguri first in place of direct transport to the destination points resulted in the Department incurring infructuous and avoidable expenditure of Rs. 9.42 lakhs.

The matter was referred to the Department/Government in August 1991; replies have not been received (November 1992).

TOURISM DEPARTMENT

3.7 Extra payment towards purchase of hotel

In July 1987 Government decided to purchase hotel Mayur at a cost of Rs 56 lakhs on the basis of the assessment made (July 1987) by a three member committee comprising of representatives form the Finance Department, Sikkim Public Works Department (Buildings) and Sikkim Industrial Development and Investment Corporation Limited (SIDICO). An amount of Rs.22 lakhs was paid (July 1987) to the proprietor, and it was agreed that Rs. 34 lakhs being the liability of the proprietor towards repayment of loans and payment of interest to the SIDICO, would be paid by the Department in annual instalments. The Department, however, paid an amount of Rs. 40.67 lakhs to SIDICO during February 1988 to March 1990 resulting in extra payment of

Rs. 6.67 lakhs. Reasons for the extra payment were not on record nor were stated despite reminders and personal contacts.

The matter was referred to the Department/ Government in September 1991; replies have not been received (November 1992).

CHAPTER IV

WORKS EXPENDITURE

FOREST DEPARTMENT

4.1 Soil and Water Conservation Scheme

4.1.1 Introduction

The State of Sikkim lies along the lower Himalayan belt and the terrain is susceptible to large scale landslides and erosion. With a view to arresting soil erosion and saturating the land condition with a package of measures including afforestation, land management, protective works etc. the Soil and Water Conservation Schemes (SWCS) was launched in 1976.

The main components of the scheme are as under:

- (a) Soil conservation in 30 selected watershed areas,
- (b) Soil conservation in other areas,
- (c) water conservation of perennial sources,
- (d) soil conservation in urban areas,
- (e) water conservation,
- (f) reclamation of acidic soil, and
- (g) soil conservation of agricultural land.

The main objectives of the scheme are:-

- (i) to protect the land from soil and water erosion by terracing and afforestation,
- (ii) to maintain ecological balance,
- (iii) to conserve soil moisture and fertility of the soil,
- (iv) to ensure proper use of water for irrigation,
- (v) To tackle the problem relating to acidity in soil treatment, and
- (vi) to provide safe disposal of drainage water.

4.1.2 Organisational set up

The different components of the scheme are implemented jointly by the Forest (Land Use and Environment Cell), Urban Development and Agriculture Departments. The soil conservation works in watershed and outside watershed areas and water conservation works of perennial sources were executed by the Principal Chief Conservator of Forest-cum-Secretary (PCCF) of the Forest Department assisted by one Chief Conservator of Forests, one Divisional Engineer and four Divisional Forest Officers. Soil conservation works outside watershed areas were, however, undertaken on the recommendations of the District Coordination Committee (DCC) of each district. Soil Conservation in urban areas were implemented by the Secretary of Urban Development Department assisted by a Divisional Engineer and an Assistant Engineer in the field. The works relating to water conservation, reclamation of acidic soil and soil conservation of agricultural land were implemented by the Director-cum-Secretary of the Agriculture Department assisted by the Deputy Directors at the district level.

The abbreviations used in this review are listed in the Glossary in Appendix IX (Page No..100)

4.1.3 Audit Coverage

A review of the scheme covering the period from 1987-88 to 1991-92 was conducted during April-May 1992 through a test-check of the records maintained in the Land Use and Environment Cell of the Forest Department including Divisional Offices, the Urban Development Department and the Agriculture Department including field offices. The results of test-check are brought out in the succeeding paragraphs.

4.1.4 Highlights

Expenditure of Rs. 790.50 lakhs was incurred during 1987-88 to 1991-92 against the budget provision of Rs. 868.48 lakhs (Paragraph 4.1.5)

Expenditure of Rs. 15.60 lakhs under terracing works during 1987-88 to 1988-89 was irregular. (Paragraphs 4.1.6(1) (ii))

Works valued at Rs. 2.13 lakhs were executed and paid for from Scheme funds although they were not related to the Scheme. (Paragraph 4.1.6 (3) (a) (b))

An extra expenditure of Rs. 16.95 lakhs was incurred on watch and ward, maintenance of nurseries and terracing during 1987-88 to 1991-92. (Paragraph 4.1.7)

4.1.5 Financial Performance

The budget provision and expenditure incurred thereagainst under different components of the scheme during 1987-88 to 1991-92 were as follows:-

SI. Component of No. the Scheme	Period		Budget	Expendi-		cess(+)
No. the scheme			provision	ture		ving(-)
			(Rupees in	lakhs)		entage
						ackets)
 Soil conservation in watershed areas 	1987-88 to	(P)	563.00	502.08	(-)	60.92
	1991-992	(NP)	35.50	28.06	- (-)	7.44
						(21)
Soil conservation	1987-88	(P)	81.00	80.74	(-)	0.26
in other areas	· to					(0.32)
	1990-91			A#		
Water conservation	1990-91	(P)	12.00	9.15	(-)	2.85
of perennial sources	to				1000	(24)
	1991-92					
Water conservation	1987-88	(P)	14.00	13.36	(-)	0.64
	to		e .			(5)
	1991-92					
Reclamation of	1987-88	(P)	29.00	23.45	(-)	5.55
acidic soil	to1991-92					(19)
						, , ,

6. Soil conservation	1989-90	(P)	88.98	89.05	(+)	0.07 (1)
of agricultural land	to 1991-92					(1)
7. Soil conservation	1987-88	(P)	45.00	44.61	(-)	0.39
in urban areas	to 1989-90					(1)
	1505 50		868.48	790.50		
			(P: Plan:	NP: non-Plan)		5

The savings were attributed by the Department (September 1992) to economy measures imposed by Government.

4.1.6. Physical Performance

4.1.6(1) Soil conservation in watershed areas

(i) The targets fixed and achievements made thereagainst under different sub-components during 1987-88 to 1991-92 were as follows:-

	Sub-Components	1987-88	1988-89	1989-90	1990-91	1991-92	
1)	New Afforestation						
	Target	600 ha	500 ha	1200 ha	1200 ha	1000 ha	
	Achievement	600 ha	500 ha	1200 ha	1200 ha	1000 ha	
	Shortfall	nil	nil	nil	nil	nil	
2)	Maintenance of						
	old plantations						
	Target	843 ha	1230 ha	1085 ha	1200 ha	770 ha	
	Achievement	843 ha	1230 ha	1085 ha	1200 ha	770 ha	
	Shortfall	nil	nil	nil	nil	nil	
3)	Creation of						
	New nurseries						
	Target	5.00 ha	0.50 ha	2.50 ha	2.50 ha	1.00 ha	
	Achievement	4.50 ha	1.50 ha	2.50 ha	0.50 ha	nil	
Ē.	Shortfall	0.50	nil	níl	2.00	1.00	
4)	Maintenance of						
	existing nurseries						
	Target	32.10 ha	36.00 ha	'37.80 ha	42.60 ha	43.10 ha	
	Achievement	32.10 ha	36.00 ha	37.80 ha	42.60 ha	43.10 ha	
	Shortfall	nil	nil	nil	nil	nil	
5)	Terracing						
	Target	685 ha	639.86 ha	nil	nil	nil	
	Achievement	685 ha	639.86 ha	nil	nil	nil	
	Shortfall	nil	nil	nil	nil	nil	
6)	Fodder Plantations						
- 1	Target	70 ha	*	200 ha	200 ha	nil	

	Achievement	70 ha	•	200 ha	200 ha	nil
	Shortfall	nil	5.	nil	nil	nil
7)	Engineering					
	Protective works					
	Target	29491.00cum	12800 cum	15450cum	nil	6000cum
	Achievement	16562.00cum	21672 cum	16312cum	nil	2299cum
	Shortfall	12929.00cum	nil	nil	nil	3701cum
8)	Protective works					
-,	through biological					
	measures					
	Target	•	*	•	*	100 ha
	Achievement	•	•	•	•	96 ha
	Shortfall	•		*	•	4 ha
9)	Horticulture					
-7	Plantations					
	Target	150 ha	•	•		*
	Achievement	110 ha		*	*	*
	Shortfall	40 ha	: 1	•	•	
	NEW TON BUILDING					

(ha: hectares; cum: cubic meters)

The shortfall in creation of nurseries and engineering protective works, protective works through biological measures and horticulture plantations was attributed (September 1992) to increase in labour wage rate and cost of materials. Although hundred per cent achievements were shown against other items of work in the records of the head office, the correctness thereof could not be verified due to non-maintenance of records of execution of works in the divisions.

(ii) The major items of work undertaken under this component were creation of nurseries, transplantation of seedlings to plantation areas (afforestation), terracing, and engineering protective works.

Creation of nurseries and transplantation of seedlings: There were 27 nurseries in existence in the State (East division :5, West division :9, South division :8 and North division :5) at the end of 1991-92 including 8 new nurseries created at a cost of Rs. 2.13 lakhs during 1987-88 to 1991-92. Nursery journals were not maintained in respect of any of the 9 nurseries of West division and 1 nursery of South division for any of the years. In the remaining 17 nurseries, journals were maintained for 1990-91 only. Scrutiny of the journals in respect of these 17 nurseries for the years 1990-91 and 1991-92 revealed that in 9 nurseries (East :2, North :5 and South :2), against 51.37 lakhs seedlings produced, 33.34 lakhs seedlings only were transplanted representing 67 per cent of the production. The balance 33 per cent seedlings were either damaged or undersized.

^{*} During these years, the sub-components were not covered under the scheme.

Afforestation: Afforestation works were normally undertaken in the months of June and July of each year. During 1987-88 to 1991-92, 4500 hectares were stated to have been covered. However, no records showing the area covered in each year, species grown etc. were maintained by any division. Further, yearwise plantation journals indicating the number of seedlings transplanted in each watershed area, survival of plantations at the end of each year were not maintained in any division due to which the success of the plantation could not be assessed. The Department stated (September 1992) that afforestation was a technical matter and that the Department was monitoring and evaluating the records and field works every year. The reply is not tenable as in the absence of aforementioned records, monitoring and evaluation of the scheme cannot be done nor can the success of the plantation be assessed.

Weeding operations: Effective and timely weeding guarantees the success of plantations. According to the norms, the first and second weeding operations are required to be carried out within two to three months of plantation. It was noticed that in South division, no weeding operations were carried out in 10 hectares where plantations were done (cost Rs. 0.31 lakh) during 1988-89 in Mamley Khola Ghari watershed and in 59.50 hectares in three watersheds areas where plantation was done (cost Rs. 2.05 lakhs) during 1989-90 to 1991-92. Further, in both South and North divisions second weeding was not carried out in 79 hectares in 3 watersheds where plantation was done (cost Rs. 2.89 lakhs) during 1988-89 to 1990-91. The PCCF stated (September 1992) that the weeding operations differ with site conditions and some areas need one weeding while other areas might require even four weedings and that the expenditure was limited to the provision kept. The reply is not acceptable inasmuch as in some areas even a single weeding was not done. No records were maintained to indicate that weeding was dispensed with after inspection.

Weeding operation is to be undertaken twice a year in old plantations. It was, however, noticed that the first weeding was not carried out in 81 hectares of old plantations in 4 watershed areas where plantation was done (cost Rs. 2.35 lakhs) during 1987-88 to 1990-91. Similarly, the second weeding was not carried out in 273 hectares of old plantations in 8 watershed areas in East (3) and South (5) divisions where plantation was done prior to 1987-88, 1989-90 and 1990-91. Test-check of records of 4 nurseries of North division revealed that due to failure to carry out weeding operations, 19 per cent of the total production (valued at Rs. 1.08 lakhs on the basis of production cost) were undersized.

Terracing works: Terracing work was to be undertaken in 30 identified watershed areas. Test check of records, however, revealed that during March 1991 terracing work was executed in 3 places (Rumtek, Martam and Gayzing) that did not fall within the identified watershed areas. The expenditure of Rs. 2.94 lakhs incurred on terracing work in these places was not covered under the scheme and was irregular.

Further, execution of terracing works in private holdings, engagement of farmers and payment of subsidy were not envisaged in the scheme. It was, however, noticed that in 4 Divisions*, terracing works valued at Rs. 12.66 lakhs were executed during 1987-88 and 1988-

^{*}East, West, North and South divisions.

89 in private holdings engaging different farmers by paying subsidy. The basis of selection of beneficiaries and identification of the areas, and areas actually covered under the component were not on record.

The Department stated (September 1992) that terracing in private holdings was done to boost agricultural crops and that the payment to beneficiaries was made after actual measurement and was within the rate of Rs. 3750 per hectare prescribed for terracing work for the Department. It was also stated that the selection of beneficiaries was done on need basis and on the recommendation of the concerned Panchayats. The reply is not acceptable as execution of terracing work in private holdings was not envisaged in the scheme.

4.1.6(2) Soil conservation outside watershed areas

The area to be covered under this component was not fixed and data regarding actual coverage was not maintained.

Soil conservation works outside watershed areas were to be carried out on the basis of recommendations of the DCC of the respective districts. The DCC North District sanctioned Rs. 3 lakhs during 1988-89 for undertaking protective works in 23 areas in the district. Of these, work in one area was to be executed departmentally and the balance works through village Panchayats. However, in 6 areas works valued at Rs. 0.79 lakh were executed departmentally without the approval of the DCC.

Further, due to non-selection of the executing agency in 1989-90 and 1990-91, 30 to 38 per cent of the total works were undertaken departmentally without involving Panchayats of the respective areas.

In two divisions (North and East), belly benching works and other protective works valued at Rs. 1.42 lakhs were carried out during 1988-89 and 1990-91 in 4 areas without the approval of the respective DCCs.

4.1.6(3) Soil conservation in urban areas

Specific target in terms of area or number of beneficiaries to be covered under this component were not fixed. The Department stated that the problem areas requiring protective works were identified and works undertaken as per availability of funds. However, records showing the name of the areas identified, the areas actually covered and the number of beneficiaries covered under the scheme were not maintained. Thus the achievements made in this regard could not be ascertained in audit.

In the following cases, funds were diverted for purposes not connected with the scheme:

(a) During 1988-89, the Department constructed a retaining wall below the concrete gallery at Palzor Stadium, Gangtok as the Gallery was sliding down. Notwithstanding the Development Commissioner's opinion (February 1988) that the work was not in any way connected with the Soil Conservation Scheme and expenditure was to be met from the Sport's budget, the Department undertook the work under the scheme resulting in irregular expenditure of Rs. 1.38 lakhs. The Department stated (September 1992) that the work was executed under the scheme to prevent sliding and danger to the gallery of the stadium.

(b) In March 1990, the Department released Rs. 0.75 lakh to a voluntary organisation at Gangtok (Pang Lhabsol Committee) for construction of a pedestal and erection of a statue thereon. Such works were not covered under the scheme. Thus the expenditure of Rs. 0.75 lakh incurred for the work was irregular. The Department stated (September 1992) that the amount was paid out of the savings under the scheme as the payment was of urgent nature.

4.1.7 Other points of interest

- (i) Extra expenditure on watch and ward: Under watch and ward, wages of chowkidars were fixed by the Chief Conservator of Forest's at the rate of Rs. 5,110 per person per year for the years 1987-88 to 1990-91 and Rs. 6,205 per person per year for 1991-92. Against the estimated expenditure of Rs. 22.77 lakhs for the period from 1987-88 to 1991-92 in the 4 divisions, an expenditure of Rs. 27.77 lakhs was incurred resulting in extra expenditure of Rs. 5 lakhs. It was noticed that against the actual requirement of 47 to 100 number of persons annually for watch and ward during 1987-88 to 1991-92, the actual engagement ranged from 94 to 114. Reasons for the engagement of staff in excess were not on record. The PCCF stated (September 1992) that the excess was due to engagement of temporary watch and ward staff on emergent need. The emergent need was, however, not stated.
- (ii) Excess expenditure on maintenance of nurseries: During 1987-88, against an estimated amount of Rs. 75.10 lakhs towards maintenance of nurseries (at rates ranging from Rs. 0.36 to Rs. 0.47 lakh per hectare), the Department incurred an expenditure of Rs. 81.69 lakhs. The reasons for the excess (Rs. 6.59 lakhs) and the approval for the same were, however, not on record. The excess was attributed by the Department (September 1992) to increase in the cost of nursery implements, manure etc., and enhancement of labour rates. The reply is, however, not tenable as the rate of maintenance charges were raised from Rs. 35,700 to Rs. 40,000 per hectare during the period.
- (iii) Excess expenditure on terracing: Terracing work of 1325 hectares was to be undertaken in the 4 divisions by the Land Use and Environment Cell during 1987-88 to 1988-89 at an estimated cost of Rs. 46.68 lakhs (at the rate of Rs. 3750 per hectare). Scrutiny of records, however, revealed that works were executed at a cost of Rs. 52.04 lakhs involving expenditure of Rs. 5.36 lakhs in excess of the norms fixed for the purpose. The excess was stated (September 1992) to be due to coverage of few left over areas on the basis of public demand. The reply is not tenable as the actual terracing work was done in 1324.86 hectares (1987-88:685.00 hectares and 1988-89: 639.86 hectares) only.

4.1.8 Monitoring and evaluation

The Department stated (December 1992) that though a full-fledged officer was not nominated for monitoring and evaluation, a Statistical Officer was made responsible to maintain reports on progress and achievement under the scheme based on the reports submitted by the Divisional Forest Officers. However, no reports in this regard could be made available to Audit.

4.1.9 The points mentioned above were referred to the Government in June 1992; reply has not been received (November 1992).

4.2 Infructuous expenditure on installation of intercom system

Notwithstanding the suggestions of the Finance Department (August 1992) to entrust the work of installation of an intercom system in the Forest Secretariat to a public sector undertaking which had installed similar systems in other State Government offices, the Forest Department awarded the work to a private a firm (August 1990) at a cost of Rs. 4.13 lakhs without executing any agreement regarding sale, after sale service, security deposit, warranty period etc. The work was completed in December 1990 and final payment of Rs. 4.13 lakhs was made in April 1991. The system, however, ceased to function within a few days of installation. Inspite of the request made by the Department (June 1991), supplier had not rectified the defects so far and the system remained unutilised (March 1993).

Thus, non-acceptance of the advice of the Finance Department and award of the work to a private firm without any proper agreement has resulted in infructuous expenditure of Rs. 4.13 lakhs.

RURAL DEVELOPMENT DEPARTMENT

4.3 Non-accounting of Government money

Rupees 12.61 lakhs were drawn and disbursed by the Department during May 1988 to May 1990 to the District Development Officer, South district for distribution of subsidy amongst beneficiaries under the 'Rural Sanitation Scheme'. Pending distribution, the amount was deposited from time to time in two different accounts maintained by the District Development Officer with the State Bank of Sikkim, Namchi.

Test check (October-November 1990) of records of the office of the District Development Officer, South revealed that out of the total amount of Rs. 12.61 lakhs, Rs. 10.21 lakhs only were disbursed during June 1988 to May 1990 to various beneficiaries leaving a balance of Rs. 2.40 lakhs (October 1990). However, against the balance amount of Rs. 2.40 lakhs, the balances available at the end of October 1990 in the two accounts totalled to Rs. 0.02 lakh only according to the Bank pass book resulting in Rs. 2.38 lakhs not being accounted for. The purpose for which this amount was utilised and rasons thereof were not on record.

The Department stated (April 1992) that the entire amount of Rs. 2.38 lakhs would be recovered under intimation to Audit. In its further reply (June 1992) the Department stated that the discrepancy might be due to lapse in timely posting of debit vouchers and that after enquiry further information would be intimated. Final reply has not been received (March 1993).

SIKKIM PUBLIC WORKS DEPARTMENT

4.4 Infructuous expenditure

The construction of 6 km. Tung Shipgyer road administratively approved by the Government in January 1986, was split into six reaches and awarded to 6 different contractors at 10 per cent above the schedule of rates in August 1986. The work on the 2nd and 3rd km. (estimted cost: Rs. 3.58 lakhs) was abandoned (April 1987) after incurring an expenditure of Rs. 1.34 lakhs (between August 1986 and April 1987) on the ground that the terrain of the land on which the road was to be constructed was too steep and also lacked firmness/stability. Consequently, the Department decided in May 1987 to divert the road along stable land having wider slopes and obtained financial sanction of Government (May 1987) for an additional amount of Rs. 1.38 lakhs. Although, the initial alignment was based on actual survey, the subsequent change in alignment indicated that the initial survey was defective which resulted in infructuous expenditure of Rs. 1.34 lakhs.

The Department while admitting the above position stated (June 1990) that in case the alignment was not changed, the cosntruction cost of the work would have been more than double the original estimate. In a further reply (July 1992), the Department stated that detailed survey in steep hill slopes was not possible and thus the alignment had to depend upon visual examination according to which the alignment, covered with vegetation, looked stable during survey but was subsequently found to be made sandy loose soil during excavation. The reply is not acceptable as execution of such works by a technical department, should have been taken up after proper survey.

4.5 Avoidable extra expenditure due to non-acceptance of lowest tenders

Three works relating to (i) River protection and drainage on Singtam-Makha road at Km. 4th (estimated cost: Rs. 7.37 lakhs), (ii) Restoration of damage due to earthquake along Pelling-Dentam road at Km. 11th, 16th, 17th and 18th (estimated cost: Rs. 6.31 lakhs), and (iii) River training works on Legship-Ravangla road at Km. 1.20 (estimated cost: Rs. 8.02 lakhs) were awarded (January 1989) to three contractors who were the 2nd lowest, 3rd lowest and 3rd lowest respectively. The recorded reasons for rejecting the lowest offers were that the contractors who quoted lower rates had other works in hand. These reasons are not acceptable as the lowest tendered rates which were rejected were 45 per cent, 31 per cent and 33 per cent below the schedule of rates whereas the works were awarded at 39 per cent, 20 per cent and 27 per cent respectively below the schedule of rates. Further, no attempts were made by the Department to award the works to the contractors at the lowest offered rates through negotiation.

Non-acceptance of lowest rates in the above three cases resulted in an avoidable extra expenditure of Rs. 1.62 lakhs. In reply, the Department stated (July 1992) that in the interest of work offers other than the lowest had to be accepted as many tenderers offer low rates which are not workable. The reply is not tenable inasmuch as no basis was furnished for treating the lowest rates as unworkable and in view of the fact that the rates accepted were also far below the schedule of rates. Further, the reasons recorded at the time of awarding the works were not in conformity with the reasons now furnished.

CHAPTER V

STORES AND STOCK

IRRIGATION DEPARTMENT

5.1 Stores Accounts

5.1.1 Introduction

The Stores Division of the Department is responsible for purchase, maintenance and issue of materials required for execution of various works. Except for the period from October 1985 to December 1988, when the store account of the Department was merged with that of the Sikkim Public Works Department, the Department maintained its own Stores Account. According to the provisions of the Public Works Code, purchase of materials valued at Rs. 10,000 or more are normally to be made through the State Trading Corporation of Sikkim (STCS). However, in cases where delay is anticipted in procurement of stores through STCS, the Department, with the approval of the Finance Department, may procure them in the manner deemed appropriate.

5.1.2 Organisational Set-up

The Stores and stock Accounts of the Department are maintained by an Assistant Engineer (Stores). There are 2 depots located at Gangtok and Jorethang.

5.1.3 Audit Coverage

A review relating to the Stores and Stock accounts of the Department for the period from 1987-88 to 1991-92 was conducted during April and May 1992 through a test check of the records in the Office of the Chief Engineer-Cum Secretary, Irrigation, Assistant Engineer (Stores), Gangtok and the two store depots at Gangtok and Jorethang. Records pertaining to Irrigation Stores were also test checked in the PWD. The results of test check are brought out in the succeeding paragraphs.

5.1.4 Highlights

Non-procurement of levy cement led to an avoidable expenditure of Rs. 2.25 lakhs.

(Paragraph 5.1.7(a))

There was loss of Rs. 0.66 lakh towards cost of humepipes and collars damaged at various work sites. (Paragraph 5.1.8(a))

Due to improper storage facilities, cement valued at Rs. 0.66 lakh was damaged. (Paragraph 5.1.8(b))

There was loss of Rs. 24.02 lakhs due to freight reimbrsement not being claimed in time. (Paragraph 5.1.11(a))

5.1.5 Budget Provision and expenditure

The budget provision and expenditure incurred on procurement of stores during 1987-88 to 1991-92 were as under :-

Year	Budget Provision	Expenditure	Saving (with percentage in brackets)
	(Rupee	s in lakhs)	
1987-88	70.00	53.15	16.85 (24)
1988-89	60.00	48.21	11.79 (20)
1989-90	60.00	53.75	6.25 (10)
1990-91	60.00	27.80	32.20 (54)
1991-92	60.00	60.00	NIL
	310.00	242.91	67.09

It would be seen that there were savings ranging from 10 to 54 per cent except in 1991-92.

5.1.6 Position of Stock

The closing balance of stock at the end of each of the years from 1987-88 to 1991-92 was as under:-

Year	Opening balance	Reciepts	Issues	Closing balance
		(Rupees in lakhs)		
1987-88	34.35	53.15	58.67	28.83
1988-89	28.83	48.24	46.66	30.41
1989-90	30.41	53.75	60.01	24.15
1990-91	24.15	27.15	49.47	1.83
1991-92	1.83	60.00	31.46	30.37
Total		242.29	246.27	

Note: The figures mentioned are as per the books of the Department and had not been reconciled with those in the books of the Accountant General.

The closing stock balance included value of materials held in various store depots, advance paymants made to STCS and other private parties and value of materials issued to various works but awaiting adjustment. The Department could not furnish the detailed analysis of the closing stock.

According to the account maintained by the Department, the closing balance of stock at the end of 1990-91 was Rs. 1.83 lakhs. It was, however, noticed from the monthly returns furnished by the Assistant Engineer (Store), SPWD to the Department that the Department had a balance of 1.37 lakh bags of cement valued at Rs. 147.67 lakhs (at the rate prevailing on that date) lying in the stores of the PWD as on 31 March 1991. Thus, the balance indicated in the stock account by the Department was incorrect and did not depict the actual position.

The Department had its own stores upto March 1985. From October 1985 to December 1988, the store of the Department were merged with the stores of the Sikkim Public Works Department (Roads & Bridges). The closing balance of stock as on 31 March 1985 was Rs. 3.75 lakhs. The details of stores available on 30 September 1985 were not intimated to Audit nor were any records available regarding the stores handed over to SPWD (R&B) in October 1985.

5.1.7. Purchases

(a) Extra expenditure on purchase of cement

For the third quarter of 1988-89, 1320 tonnes of levy cement was allotted to the Department by the Controller of Cement. However the Department did not lift the same on the ground that it had 1.37 lakh bags of cement (value: Rs. 147.67 lakhs) with the SPWD (R&B) out of 2.68 lakh bags received by SPWD (R&B) on its behalf during the period from October 1985 to October 1988 when the Irrigation Stores were maintained by SPWD (R&B). Instead, the Department utilised the funds provided for purchase of high density poly ethylene (HDPE) pipes on the plea that they were urgently required. The contention regarding the urgent need of HDPE pipes was not correct in view of the fact that against 9,200 rft of HDPE pipes ordered (March 1989) by the Department, 8280 rft were issued by the end of October 1989. Further points noticed in connection with the purchase of these pipes are mentioned in sub-paragraph (b).

In the first quarter of 1989-90, the Department purchased 500 tonnes of non-levy cement from STCS for which it paid (June 1989) Rs. 8.32 lakhs. This involved excess expenditure of Rs. 2.25 lakhs compared to the cost of 500 tonnes of levy cement which was allotted to the Department but not lifted. Also, the Department did not realise the quantity of cement (1.37 lakh bags) lying with the SPWD (R&B).

(b) Irregular purchase of HDPE pipes

The Department invited (23 January 1989) tenders for procurement of HDPE pipes allowing only 5 days time against the prescribed period of one month for receipt of tenders and without indicating the total requirement of pipes in the notice inviting tenders. The purchase order was, however, placed on 23 March 1989, i.e. after a period of nearly 2 months for supply of 9200 rft of HDPE pipes of various dimensions valued at Rs. 26.51 lakhs on local firm that offered the lowest rates.

The following further irregularities were noticed:

- (i) Though there was no provision in the supply order for making any advance payment, an amount of Rs. 12.70 lakhs was advanced to the frim in March 1989 against a proforma invoice. This resulted in undue financial aid to the supplier.
- (ii) The supply order was to be executed within 3 months failing which penalty at the rate of one per cent per month was leviable on the value of the quantity not supplied. No penalty was however, levied though the supplies were completed only in December 1989.
- (iii) The required approval of the Finance Department was not obtained for purchasing the materials from the open market instead of through STCS.

5.1.8 Loss of stores

- (a) Humepipes required for use in various Irrigation schemes were supplied departmentally. The supplier used to deliver the pipes at the road point nearest to the site from where the contractors would carry them to the work site for use. Test check of the records of three subdivisions* revealed that during the period from 1987-88 to 1991-92 in the process of carriage of material from the road point to the work site and their usage, humepipes and collars valued at Rs. 0.66 lakh were damaged at various work site in respect of 14 works. The matter was neither reported by the sub-divisions to the head office nor was the cost of the same was recovered from the contractors responsible for the damage. The Department stated (August 1992) that some of the pipes were damaged due to long storage at the sites and that the damage were minor.
- (b) Owing to improper storage 527 bags of cement valued at Rs. 0.66 lakh got clodded during 1991-92. The matter has neither been investigated nor responsibility fixed so far (May 1992).

5.1.9 Idle Outlay

Humepipes required for utilisation in various irrigation scheme were purchased and issued to the works directly without routing the transaction through stock-suspense.

During test check it was noticed that in the case of 24 works, out of the quantities issued from time to time during 1985-86 and 1986-87, 8005.84 rft of hume pipes and 1786 collars of various sizes, valued at Rs. 2.25 lakhs were lying unutilised (May 1992) resulting in blocking of funds.

No action was taken by the Department to take back the materials to stock from the work.

5.1.10 Tools and Plants

According to rules, all articles received should be accounted for in the Tools and Plants (T&P) register. The Department procured tools and plants costing Rs. 18.45 lakhs during 1986-90. However, the T & P register was not maintained. Physical verification of T&P articles was not carried at any time.

^{*} Gangtok, Mangan and Soreng

5.1.11 Other topics of interest

(a) Loss due to freight reimbursement not being claimed in time

The Department procured 14172.05 tonnes of cement from various cement factories during 1984 to 1989. The freight charges by road from Siliguri to Gangtok at the rate of Rs. 169.50 per tonne were reimbursable by the Controller of Cement. The Department, however, did not prefer the claim for reimbursement within the prescribed period of six months resulting in loss of Rs. 24.02 lakhs. The Department has not furnished any reply for the omission.

(b) Non-adjustment of profit/loss on store

According to rules, profit/loss on stores is required to be assessed each year and adjustment of profit (to be credited to revenue) and loss (to be borne by the store as storage loss) should be carried out to keep the stock account on no-profit and no-loss basis. The adjustment of profit/loss has not been carried out in respect of any year (May 1992).

5.1.12 General

(a) Reserve stock limit

 Reserve stock limit for the stores had not been fixed for any of the years to ensure proper control over expenditure on purchase of stores.

(b) Physical verification of stores

Physical verification of stores required to be conducted annually had never been done.

(c) Non-maintenance of site accounts

Materials charged direct to work are to be accounted for in the material at site account. Extracts of the materials at site account are required to be forwarded to the Division for check. This also facilitates actual physical verification. No site accounts were maintained. The materials purchased directly charging to work were accounted for through bin cards and were thus combined with those purchased for stock. This made the accounting procedure erratic and physical verification impracticable.

(d) Advances charged to final head of account

According to rules, advances are to be initially debited to the head Miscellaneous Public Works Advances (MPWA) and on receipt of the materials, the cost is debited to the stock/ concerned work by contra credit to MPWA. The above procedure was not followed by the Department with the result that there was no proper watch over the adjustment of advances. During the period 1987-88 to 1991-92, in 20 cases, the Department advanced Rs. 243.07 lakhs to various suppliers but the extent to which the advances were adjusted was not watched and their up-to-date position was not ascertained.

RURAL DEVELOPMENT DEPARTMENT

5.2 Infractuous expenditure on purchase of chlorinators

For providing pure drinking water under Accelerated Rural Water Supply Scheme and

Minimum Needs Programme, the Department was using Swastik Model D type and J 20 type chlorinators procured (September 1989 and October 1989) from a Madras based firm. The Superintending Engineer (SE), after spot inspection of the working of these two types of chlorinators, proposed (February 1989) abandonment of purchase of these models in view of widespread inherent disadvantages experienced with these models. Despite the clear recommendation of the SE against purchase of these models and despite availability of 198 sets of the above type of chlorinators in stock as on 31 March 1989, the Department purchased (June to September 1989) 285 sets of these models (D type: 234 sets and J 20 type: 51 sets) at a cost of Rs. 15.43 lakhs. Further, the Department purchased (September -October 1989) 255 sets of Self Actuated Chemical Dosers (chlorinators of superior quality) at a cost of Rs. 29.16 lakhs from another firm.

It was noticed that as against the total 738 sets of chlorinators (198+285+255) available at the end of October 1989, only 61 sets were issued upto the end of September 1990. Issues after September 1990 were not intimated.

The expenditure of Rs. 15.43 lakhs incurred on purchase of 285 sets of D and J 20 type chlorinators was thus infructuous and unjustified.

The Department stated (June 1992) that while the Swastik chlorinators were suitable when water pressure in the pipeline was high, the Self Actuated Chemical Dosers were found suitable for both the low and high water pressures and that both varieties of chlorinators were giving satisfactory results under different water pressures.

The reply of the Department in so far as the swastik chlorinators are concerned is not tenable in view of the clear recommendation of the SE against their purchase. The purchase was also unjustified as there were adequate number in stock in any case.

5.3 Extra expenditure on purchase of MS rods

The Department placed (October 1989) a purchase order with the State Trading Corporation of Sikkim (STCS) for puchase of 170 tonnes of Mild Steel rods (Ms rods) of different sizes from a manufacturing company A. After supplying 93.760 tonnes (cost: Rs. 7.82 lakhs) during January 1990 to July 1990, the STCS advised (August 1990) the Department to allow purchase of the balance quantity (76.240 tonnes) from the local market on the ground that the supplies by the company A might be delayed. However, no documents in support of the above contention were furnished by STCS. With the approval of the Department, the STCS procured 55.639 tonnes of 10 mm and 12 mm MS rods during August to November 1990 from a local firm.

It was, however, noticed (November 1991) from a letter dated 6 October 1990 of the STCS addressed to the Buildings and Housing Department of the State Government that MS rods of the specifications were available with the company A (Siliguri Branch) at much lower rates as compared to the rates of the local firm.

The purchase of MS rods locally at higher rates resulted in the Department incurring an extra expenditure of Rs. 2.66 lakhs.

The matter was reffered to the Government in February 1992; reply has not been received (November 1992).

5.4 Infractuous expenditure on purchase of roofing material

The Depratment purchased (November 1986) 1084 'Lite roof asphaltic roofing sheets Expo-10' from a local firm at a cost of Rs. 0.99 lakh. Of these, 947 sheets were issued for construction of a school building on trial basis. No reasons for purchase of materials for use on trial basis were on record. The sheets were found unsuitable for use and were ultimately rejected (August 1991) by the Assistant Engineers (Stores). The balance 137 sheets were lying in store unutilised (September 1992). The purchase of materials without assesing their quality and suitabliity resulted in wasteful expenditure of Rs. 0.99 lakhs.

The Chief Engineer stated (September 1992) that the Department was on the look out for substitute constructional materials with a view to minimising total constructional cost and that the sheets had been purchased on trial basis, had already been issued and the balance 137 numbers would be issued to works. The reply, however, is not acceptable as the 947 sheets issued were rejected and for the balance 137 numbers that were lying unutilised in stock as of September 1992, a survey report was submitted by the Assistant Engineer to the Department for write off of the value. There was also no justification for purchase of the materials without first testing their suitability.

The matter was referred to Government in February 1992; reply has not been received (November 1992).

5.5 Extra payment due to irregular allowance of increase in price

The Department placed (February 1988) an order for supply of various sizes of galvanised iron pipes (GI Pipes) on a Delhi based firm in terms of an agreement executed in June 1987. The firm supplied 1,64,012.31 meters of GI Pipes of various sizes in February 1988. In March 1988, the price of zinc was enchanced by Government of India. While making payment to the firm (March 1989), the Department allowed increase in the price on the element of zinc despite the fact that the supply of pipes had been completed in February 1988 itself, i.e. prior to the increase. This resulted in an extra payment of Rs.1.06 lakhs to the firm.

The Department stated (September 1992) that the increase in the cost of iron and steel was effected vide Joint Plant Committee (JPC) announcement date 23 December 1987 which was prior to the supply of GI pipes and as the payment was made as per the above increase of rate, no extra payment was made. The reply is not tenable as the increase in the price of zinc was effective from March 1988 whereas the supply had been completed in February 1988.

The matter was referred to Government in January 1991; reply has not been received (November 1992).

URBAN DEVELOPMENT AND HOUSING DEPARTMENT

5.6 Blocking of funds

In response to quotations invited by the department (November 1986) for supply of tubular trusses for use in construction of hat sheds, a Calcutta based firm had offered (November 1986) the lowest rate of Rs.21,525 per truss plus Central Sales Tax and transportation charges. The Department placed a purchase order with the firm for supply of 6 trusses, on 30 March 1988 only i.e. after a lapse of more than 16 months, by which time the firm had enchanced its rate to Rs. 24,753.75 per truss. The Department accepted the enhanced rate and placed another purchase order (July 1988) for supply of 20 additional trusses. Thus, in all 26 trusses were purchased at a cost of Rs. 6.93 lakhs including sales tax and transportation charges.

It was noticed (July-August 1991) that out of the 26 trusses purchased, only 2 were issued and the Secretary of the Department in his noting (September 1989) observed that the Department has no immediate plan to utilise the trusses and proposed to explore their possible utilisation by other departments. However, the trusses had not been issued to other departments and were lying in stock as of February 1992.

Thus, procurement of trusses without assessing the actual requirement has resulted in blocking of Government money to the tune of Rs. 6.39 lakhs.

CHAPTER VI

REVENUE RECEIPTS

6.1 Trend of Revenue Receipts

The total receipts of the Government of Sikkim for the year 1991-92 were Rs. 182.44 crores, against anticipated receipts of Rs. 188.70 crores. Receipts during 1991-92 registered an increase of 14.36 per cent over those of 1990-91 (Rs. 159.52 crores). Out of the total receipts, Rs. 44.08 crores represented revenue raised by the State, of which Rs. 15.44 crores was from tax revenue and the balance of Rs. 28.64 crores from non-tax revenue. Receipts from Government of India amounted to Rs. 138.36 crores, of which Rs. 25.49 croes represented the State's share of divisible Union taxes and the balance of Rs. 112.87 crores represented grants-in-aid.

6.2 Analysis of Revenue Receipts

(a) General analysis

An analysis of the receipts during the year 1991-92, along with the corresponding figures for the preceding two years is given below:-

		1989-90	1990-91	1991-92
		(Rup	ees in lakhs)	
l.	Revenue raised by the State Government			
(a)	Tax Revenue	1589.60	1530.21	1543.72
(b)	Non-Tax Revenue	2053.70	2669.38	2864.47
	Total	3643.30	4199.59	4408.19
II.	Receipts from Government of India	is.		
(a)	State's Share of divisible			
	Union taxes	1700.35	2119.92	2549.29
(b)	Grants-in-aid	8082.64	9632.88	11286.22
	Total	9782.99	11752.80	13835.51
111.	Total receipts of the State (I to II)	13426.29	15952.39	18243.70
IV.	Percentage of I to III	27	26	24

(b) Tax revenue raised by the State

Receipts from tax revenue constituted 35 per cent of the total revenue raised by the State during 1991-92. An analysis of the tax revenue for the year 1991-92 and the preceding two years is given below:--

		1989-90	1990-91	1991-92	Increase(+)/ Decrease(-) in 1991-92 with reference to 1990-91	Percentage of variation
			(Rupees in I	akhs)		
1. 2.	State Excise Taxes on Income Other than Corpo-	757.32	.643.45	665.08	(+) 21.63	3
	ration Tax	417.74	397.90	409.05	(+) 11.15	3
3.	Sales Tax	271.39	307.61	327.63	(+) 20.02	3 7 1
4. 5.	Taxes on Vehicles Stamps and Regis-	33.34	36.65	37.01	(+) 0.36	1
	tration Fees	19.80	17.67	15.74	(-) 1.93	11
6.	Land Revenue	7.44	27:70	7.65	(-) 20.05	72
7.	Other Taxes and Duties on Commo-					
	dities and Serivces	82.57	99.23	81.56	(-) 17.67	18
	Total	1589.60	1530.21	1543.72	(+) 13.51	1

The Excise Department stated that the increase in collection of revenue of Rs. 21.63 lakhs was due to revision of rates of Excise duty on Sikkim Made Foreign Liquors (SMFL) /Indian Made Foreign Liquors (IMFL) Country Liquors (CL) and vend fee on SFML/CL and large local sale. As regards increase of Rs. 11.15 lakhs under Income Tax, the Department stated that the increase in collection was due to increase in business activities. In the case of increase of Rs. 20.02 lakhs under Sales Tax, the increase in collection was stated by the Department to be due to introduction of additional CST on cardamom and ginger.

The decrease under other Taxes and Duties on Commodities and Services was attributed by the department to closure of some video parlours, non-renewal of licences of video parlours and failure by a number of bazar contractors to settle the contract fees. Reasons for the shortfall under Land Revenue had not been intimated by the Department (November 1992).

(c) Non-Tax revenue of the State

Road Transport Service, Power, Interest, Plantations, Forest and Dividents and profits were the principal sources of non-tax revenue of the State. Receipts from the non-tax revenue

during the year 1991-92 constituted 65 per cent of the revenue raised by the State. An analysis of non-tax revenue under the principal heads for the years 1989-90 to 1991-92 is given below:

	4	1989-90	1990-91	1991-92	Decr 1991	ease (+)/ rease (-) in rease (-) in rease to	Percentage of variation
			(Runees	in lakhs)	1330	1-51	
1.	Road Transport	780.66	985.09	1028.97	(+)	43.88	4
2.	Power	181.76	262.36	290.64	(+)	28.28	11
3.	Interest	60.54	278.42	230.59	(-)	47.83	17
4.	Plantations	83.56	140.37	144.15	(+)	3.78	3
5.	Forest	122.38	111.12	109.74	(-)	1.38	1
6.	Dividents and	122.00		100.74	()	1.00	2
٠.	Profits	70.01	106.02	96.40	(-)	9.62	9
7.	Public Works	84.48	56.83	50.45	(-)	6.58	12
8.	Tourism	16.48	19.20	40.85	(+)	21.65	113
9.	Crop Husbandry	17.01	14.43	40.70	(+)	26.27	182
10.	Stationary	17.01	11.10	10.70	()		102
	& Printing	34.88	37.84	37.12	(-)	0.72	2
11.	Village & Small	01.00	07.07	57.12	17	0.72	-
000.00	Industries	15.11	18.24	22.15	(+)	3.91	21
12.	Animal Husbandry	12.03	13.76	17.63	(+)	3.87	28
13.	Industries	12.69	11.97	16.81	(+)	4.84	40
14.	Education, Sports	,_,,		10.01	(1)	1.01	10
	Art and Culture	8.73	11.47	9.11	(-)	2.36	21
15.	Others	553.38	602.26	729.36	(+)	127.10	21
	Total	2053.70	2669.32	2864.47	(+)	195.09	7

This increase in non-tax revenue mainly occurred under Road Transport (Rs. 43.88 lakhs), Power (Rs. 28.28 lakhs), Crop Husbandry (Rs. 26.27 lakhs) and Tourism (Rs. 21.65 lakhs). The Power Department stated (July 1992) that the increase was due to improvement in collection. Increase in the Crop Husbandry was stated (August 1992) to be due to realisation of previous years sale proceeds, increase in revenue out of sale of fertilizers, farm produce etc. and collection on fertilizer subsidy. Reasons for increase in collection under Road Transport and Tourism, though called for (June 1992), have not been received from the concerned departments (November 1992).

The decrease under Interest Receipts (Rs. 47.83 lakhs) was stated (August 1992) to be due to fluctuation in the availability of cash balances for investment.

6.3 Variation between the Budget Estimates and Actuals

The variation between the Budget Estimates and Actuals of tax and non-tax revenue during the year 1991-92 are given below:

		Budget (revised)	Actuals	Incre Decr with to bu	ation: ease (+)/ ease(-) reference idget nates	Percentage of variation
			(Rupees in	lakhs)		
A. B.	Tax Revenue Non-Tax Revenue	1352.45 2670.69	1543.72 2864.47	(+) (+)	191.27 193.78	14 7

The total variation was Rs. 385.05 lakhs which worked out to 10 per cent of the budget estimates.

The increase in tax revenue was mainly under State Excise (Rs.140.08 lakhs), Sales Tax (Rs. 47.63 lakhs), Taxes on Vechicles (Rs. 5.01 lakhs) and Land Revenue (Rs. 1.65 lakhs). The increase was partly offset by shortfall of Rs. 15.95 lakhs under the State Income Tax. The increase under State Excise was stated to be due to increase in the number of licences and establishment of one Ayurvedic Production Unit at Setipool (East Sikkim). The Sales Tax Department attributed the increase in Sales Tax to greater business activities and strict vigilance at the check-posts. The increase under Taxes on Vehicles was stated to be due to collection of arrears and increase in the number of vehicles. The reasons for variation in respect of Land Revenue have not been received (November 1992).

The shortfall under State Income Tax was attributed by the Department to non-realisation of tax in a few cases in which the realisation was kept in abeyance due to litigation.

The increase in non-tax revenue mainly occurred under Interest Receipts (Rs. 175.59 lakhs), Road Transport (Rs. 28.97 lakhs), Dividends and Profits (Rs.26.40 lakhs), Crop Husbandry (Rs. 10.70 lakhs) and Power (Rs.10.64 lakhs), partly offset by decrease under Police (Ps.78.79 lakhs), and other Administrative Services (Rs. 39.09 lakhs). The Agriculture Depart-

rt tated (August 1992) that the increase under Crop Husbandry was due to recovery of sale proceeds of previous years, more realisation from sale of fertilizers, farm produce etc. and receipts on fertilizer subsidy. The Power Department stated (July 1992) that the increase was mainly due to revision of tariff during 1990-91 and strengthening of collection. The Police Department stated (September 1992) that the decrease was due to reimbursement on police check posts being limited to the expenditure of 1990-91.

The reasons for variation in respect of the remaining heads have not been intimated by the respective departments (November 1992).

6.4 Costof collection

Expenditure incurred on collection of revenue under the principal heads during the

у	ears 1989-90 to 1991	I-92 is given l	pelow :-				•
H	lead of Revenue	Year	Gross collec- tion	Expenditure on collection	Percentage of expenditure to gross collection	All India average percen- tage for 1990-91	
02		(4)	(Rupees	s in lakhs)			
1.	Taxes on Income	1989-90	417.74	7.18	2		
	others than Cor-	1990-91	397.90	7.95	2		
	poration Tax *	1991-92	409.05	10.33	3		
2.	Land Revenue**	1989-90	7.44	46.36	623		
		1990-91	27.70	52.15	188		
		1991-92	7.65	66.82	873		
3.	State Excise	1989-90	757.32	20.67	3		
		1990-91	643.45	26.77	4		
		1991-92	665.08	33.50	5	2	
4.	Sales Tax	1989-90	271.39	6.45	2	-	
		1990-91	307.61	8.75	3		
		1991-92	327.63	9.88	3	2	
5.	Taxes on	1989-90	33.34	6.12	18	V 	
	Vehicles	1990-91	36.65	5.26	14		
		1991-92	37.01	7.13	19	3	
6.	Entertainment	1989-90	25.14	1.37	5	-	
	Tax	1990-91	18.77	1.30	6		
7		1991-92	23.17	1.38	6		

^{*} Indicates Sikkim State Income Tax

The increase in expenditure under 'Land Revenue' was attributed to pruchase of computer hardware, furnishing and extension of computer room and purchase of vehicles. Increase in the cost of collection of State Excise was stated to be due to revision in the dearness allowance and procurement of departmental vehicles. The increase in cost of collection in respect of Income Tax was stated to be due to payment of arrears of dearness allowance, printing of forms, cost involved in pending court cases etc. In the case of Taxes on Vehicles, increase in expenditure was stated to be due to appointment of officers and staff and also purchase of new vehicle and furniture. As regards Sales Tax, the increase in the cost of collection was stated to be due to enhancement of dearness allowance, printing of forms and appointment of more checkers.

6.5 Results of Audit

Test check of the records of Sales Tax, Income Tax, State Excise, Power and other Departmental offices conducted duing the year 1991-92 revealed under assessment/short levy/

^{**} Expenditure under 'Land Revenue' relates to other administrative functions also. Expenditure on collection of 'Land Revenue' has not been segregated.

loss of revenue amounting to Rs. 311.49 lakhs in 88 cases. During the course of the year 1991-92, the concerned departments accepted under-assessements etc. of Rs. 115.19 lakhs involved in 34 cases.

Eight draft paragraphs involving an amount of Rs. 36.87 lakhs and relating to important mistakes/irregularities noticed in 1991-92, which were identified for mention in the Audit Report, were issued to Government of which 2 draft paragraphs involving Rs. 14.50 lakhs were accepted by the concerned Departments.

Two draft paragraphs involving Rs. 13.34 lakhs have not been accepted by the Government, but their contention was found at variance with facts and legal position. Suitable comments thereon have been incorporated in the relevent paragraphs. In the remaining cases replies had not been received (January 1993).

6.6 Outstanding Inspection Reports

Audit observations on irregularities and defects in assessment, demand and collection of State receipts noticed during local audit are intimated through inspection reports to the departmental officers, heads of Departments and also to the Government where necessary. The points mentioned in the inspection reports are to be settled as expeditiously as possible and first replies should be sent within four weeks from the date of receipt of the inspection reports by the departments

The position of inspection reports in respect of revenue receipts issued to the end of December 1991, but remaining outstanding as at the end of June 1992 was as under:-

		At the end of Jun	
		1991	1992
1.	Number of outstanding Inspection Reports	77	81
2.	Number of outstanding Audit objections	402	324
3.	Money value of the objections (rupees in crores)	64.86	72.40

Receipts-wise break-up of the inspection reports and objections (with money values) is given below:-

SI.	Head of receipt	Number of	Number of audit	Amount
No.		inspection	objections	(Rupees in
		reports		crores)
1.	Sales Tax	9	46	2.26
2.	Income Tax	7	67	3.30
3.	Forest	22	70	1.27
4.	Land Revenue	11	46	1.41
5.	Motor Vehicles	6	11	0.13
6.	State Excise	7	36	8.49
7.	Urban Development	7	17	0.13
8.	State Lotteries	1	10	54.70
9.	Power	11	21	0.71
	Total	81	324	72.40

Out of 81 inspection reports pending settlement, even first replies had not been received (June 1992) in respect of 37 reports containing 188 audit objections. Receipts-wise break-up of the audit objections in respect of inspection reports awaiting settlement, where even first replies had not been received (June 1992), is furnished below:-

SI. No.	Head of receipt	Number of inspections reports	Number of audit objection	Earliest year to which the report relate
1.	Sales tax	3	36	1986-87
2.	Income Tax	4	28	1980-81
3.	Forest	16	80	1986-87
4.	Land Revenue	6	20	1986-87
5.	Motor Vehicles	1	1	1984-85
6.	State Excise	1	2	1987-88
7.	Power	. 6	21	1989-90
	Total :	37	188	

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

INCOME TAX DEPARTMENT

6.7 Non-assessment of income tax

Under the provisions of the Sikkim Income Tax Manual 1948, income tax at prescribed rates shall be charged from all persons engaged in business on the gross sale proceeds of the previous year from all sources.

- (a) In Gangtok, cross-check (July 1991) of the records in Income Tax Department with those of the Sales Tax Department revealed that in the case of 2 assessees engaged in business, turnover for sales-tax for the assessement years 1988-89 to 1989-90 and 1987-88 to 1988-89 was determined at Rs. 31.10 lakhs and Rs. 26.74 lakhs respectively as per returns submitted by them to the Sales Tax Department. The Income Tax Department however had not asked the delaers to produce their books of accounts, nor were they assessed to income tax on the gross tournover. This resulted in non-assessment of income tax amounting to Rs. 1.47 lakhs.
- (b) In Gangtok, scrutiny (July 1991) of records of the Department revealed that a dealer engaged in the business of motor parts, hardware, electrical goods etc. who had submitted his quarterly returns for the years 1986-87 to 1988-89 disclosing a turnover of Rs. 34.66 lakhs, was not assessed to income-tax with the result that tax amounting to Rs. 84,978 was not realised.

- In Gangtok, scrutiny (June 1991) of the records of the Department revealed that in the case of a firm 'A' registered as a Small Scale Industry, exemption from payment of income-tax for a period of five years from the date of commencement of production (June 1983) was allowed as per notification No. 4011 IT&ST dated 1 March 1986 of the Finance (Income and Sales Tax) Department. The firm manufacturing 'Dexorange' syrup, produced 12,10,725 bottles of 'Dexorange' valued at Rs. 1.49 crores during the period from August 1988 upto the date of closure of its business in December 1988, in collaboration with another firm 'B' and the production was cleared by the Excise Department in the name of firm 'A'. The assessing officer, instead of assessing the firm 'A' to income-tax, issued notice (August 1989) to firm 'B' to produce all relevant records for assessment, which was refused by them on the plea that the stock was transferred from Sikkim without effecting any sale. As firm 'A' closed its business in December 1988, the sales turnover of the firm 'A' remained unassessed to income-tax resulting in loss of revenue amounting to Rs. 4.40 lakhs.
- In Gangtok, scrutiny (July 1991) of assessment records of the Department for the years 1982-83, 1984-85 and 1985-86 revealed that in the case of an assessee, income-tax was assessed on the sale turnover of Rs. 76.20 lakhs as shown in the Trading Account of the firm. The Profit and Loss Account of the firms, however reflected commission and profit of Rs. 85.92 lakhs earned by the firm from the sale of cardamom and cigarettes, which was omitted from the assessment resulting in under-assessment of income-tax amounting to Rs. 2.31 lakhs.

The above cases were reported to Government in September 1991; replies had not been received (November 1992).

LABOUR DEPARTMENT

6.8 Non-levy of registration/renewal fee

As per provisions of the Sikkim Shops and Commercial Establishments Act 1983 and Rules framed thereunder (1984), every establishment which carries on any trade, business and profession is required to get itself registered with the Labour Department with effect from 1 May 1986 on payment of fees specified therein subject of renewal every year.

In Gangtok, test-check (August 1991) of the records of the Labour Department revealed that neither registration nor renewal fees were levied on 4690 shops/establishments for the period from May 1986 of the end to March 1990. This resulted in non-realisation of registration/renewal fees amounting to Rs. 1.88 lakhs calculated even at the minimum rate of Rs. 10 per year per concern.

On the omission being pointed out (August 1991) in audit, the Department stated (June 1992) that the Act could not be implemented or executed due to shortage of staff and frequent changes of the Secretaries.

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

POWER DEPARTMENT

6.9 Non-levy of surcharge

The State Government, by a notification issued in April 1990, effective from 1st April 1990, levied surcharge at 10 per cent and 15 per cent per annum on the gross arrears of electricity duty due from domestic/commerical consumers and industrial consumers respectively, outstanding as on 31 March every year.

Scrutiny (August 1991) of records relating to 8 sub-divisions at Gangtok and 6 other places of the Power Department revealed that surcharge was not levied at the prescribed rates on arrears amounting to Rs. 113.33 lakhs outstanding as on 31 March 1991. This resulted in loss of revenue of Rs. 12.62 lakhs for the year 1991-992.

While accepting the omission, the Department stated (July 1992) that instructions had been issued to the concerned officers for strict compliance in future of the provisions contained in the notifications dated 20th April 1990.

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

6.10. Short-levy of demand charges

According to the tariff rates (April 1986) for consumption of electricity, demand charges at the rate of Rs. 30 per KVA per month were leviable with effect from 1 April 1986 for bulk supply, in addition to the normal energy charges. By a subsequent notification dated 20th April 1990, the demand charges were revised to Rs. 60 per KVA per month for transformers having capacity upto 250 KVA and Rs. 70 per KVA per month for transformers with capacity exceeding 250 KVA, with effect from 1 April 1990.

Scrutiny (August 1991) of records of two sub-divisions at Ravangla and Jorethang of the Power Department revealed that three factories at Temi, Manpur and Melli were operating transformers of 200 KVA, 2250 KVA and 750 KVA respectively and as such were liable to pay Rs. 35.73 lakhs towards demand charges for the period from April 1986 to June 1991 calcutated at the above rates. But the Department had raised a demand for an amount of Rs. 23.44 lakhs only which resulted in short-levy of Rs. 12.29 lakhs.

In reply the Department stated (July 1992) that in respect of factory at Manpur the lower demand charges were due to the representation by the factory to the effect that their actual demand was lower than the capacity of the transformer upto April 1989 and that the billing from April 1989 onwards was made on actual demand as per the indicator/ the energy meter. In respect of the factory at Melli, the Department stated that the actual demand was much lower although capacity of the transformers was 750 KVA and the billing upto April 1987 was based on the miximum demand of 125 KVA, the same from April 1987 onwards was done on an adhoc basis ranging from 250 KVA to 500 KVA. The reply of the Department is not tenable as there exists no provision for collection of demad charges on adhoc basis or at reduced rates. The Department also could not make available any records in support of such lower/adhoc charging. Reply in respect of the factory at Temi has not been received (November 1992).

The matter was reported to the Government in October 1991; their reply had not been

received (November 1992).

SALES TAX DEPARTMENT

6.11 Under-assessment of Sales Tax

As per provisions of Sikkim Sales Tax Rules 1983, every registered dealer shall furnish quarterly returns to the assessing authority showing therein the taxable turnover for that quarter. There is no specific provision in the Act/Rules, either mandatory or discretionary, for levying penalty on concealment of turnover.

In Gangtok, cross-check (June 1991) of the records of the Sales Tax Department with those of the Income Tax Department revealed that two dealers of East and South districts had disclosed turnover of Rs. 16.21 lakhs and Rs. 22.16 lakhs in their returns of sales tax respectively for the assessment years 1984-85 to 1988-89 and 1985-86 to 1990-91. But in the returns submitted by them to the Income Tax Department, the turnover for the above periods have been shown as Rs. 25.44 lakhs and Rs. 34.02 lakhs respectively. The disclosure of incorrect turnover by the assessees to the Sales Tax Department resulted in concealment of turnover aggregating Rs. 21.09 lakhs and consequent under-assessment of sales tax of Rs. 1.05 lakhs. No penalty is leviable in the absence of specific provisions in the Act/Rules.

In its reply (July 1992) to one case, the Department stated that as the assessment for sales tax was completed on the basis of the books of account and other relevant documentary evidence produced by the assessee in support of his quarterly returns, the Department found no justifications to reassess the sales tax on turnovers determined arbitrarily by the Income Tax Department, the reasons for enhancement of which could be justified by the concerned Income Tax authority only. The reply is, however, not tenable as the Department did not ascertain the correct turnover which was declared by the assessee in his returns to the Income Tax Department. Reply in respect of the other case had not been received (November 1992).

The cases were reported to the Government in September 1991; their reply had not been received (November 1992).

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

7.1 General

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

7.2 Government companies - General view

- 7.2.1 There were four Government companies in the State as on 31 March 1992. The same number of Companies were in existence as on 31 March 1991. The audit of these four companies had been taken up by the Comptroller and Auditor General of India at the request of the State Government under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for the period from 1986-87 to 1990-91 which has been extended for a further period of five years from 1991-92 to 1995-96 except in the case of one Company (Sikkim Flour Mills Limited).
- 7.2.2 The statement in Appendix V gives the particulars of up-to-date paid-up capital and outstanding loans, in respect of the Government companies as on 31 March 1992.
 The position is summarised below:-
- (a) Against the aggregate paid-up capital of Rs. 1,109.54 lakhs as on 31 March 1991 in the four Government companies, the aggregate paid-up capital as on 31 March 1992 of the four Government companies stood at Rs. 1196.54 lakhs as detailed below:-

Particulars	No. of	Amo	ount invested	by	
9	companies	State	Central	Others	Total
	<i>a</i>	Government	Government		
	(Rupees in	lakhs)		
(i) Companies wholly owned by the State Government (ii) Companies jointly owned by the State	2°	320.53	-		320.53
Government	2	483.78	-	392.23	876.01
	4	804.31	-	392.23	1196.54

^{*} Out of three companies wholly owned by the State Government one company viz. Sikkim Livestock Development Corporation Limited was wound up in June 1990.

- (b) The balance of long term loans in respect of four companies as on 31 March 1992 was Rs. 1080.93 lakhs (State Government: Rs. 113.52 lakhs and others: 967.41 lakhs) as against Rs. 1016.15 lakhs (State Government: Rs. 113.52 lakhs and others: Rs. 902.63 lakhs) outstanding as on 31 March 1991.
- 7.2.3 None of the four companies finalised their accounts for the year 1991-92. Three companies (Sikkim Industrial Development and Investment Corporation Limited, Sikkim Flour Mills Limited and Sikkim Time Corporation Limited) had finalised their accounts for the year 1990-91, while the other company (Sikkim Jewels Limited) had finalised its accounts only upto 1989-90.

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

In the absence of finalisation of accounts by these companies, the investment of Rs. 804.31 lakhs by the State Government could not be conclusively established.

The position of arrears in the finalisation of accounts was last brought to the notice of the State Government in April 1993.

7.3 Statutory corporations - General aspects

- 7.3.1 As on 31 March 1992, there were three Statutory corporations in the State;
 - Sikkim Mining Corporation,
 - State Bank of Sikkim, and
 - State Trading Corporation of Sikkim.
- **7.3.2** Sikkim Mining Corporation was established in February 1960, the State Bank of Sikkim in June 1968 and the State Trading Corporation of Sikkim in March 1972 under various proclamations of the erstwhile Chogyal of Sikkim.

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

State Bank of Sikkim finalised its accounts for the years 1987 and 1988 in October 1991 while the Sikkim Mining Corporation has finalised its accounts for the year 1990-91 in April 1992. Separate Audit Reports on the accounts of State Bank of Sikkim for the years 1985 and 1986 were finally issued in August 1992 and for the years 1987 and 1988 in February 1993. Separate Audit Reports on the accounts of the Sikkim Mining Corporation for the year 1987-88 and 1988-89 were finally issued in August 1992. The State Trading Corporation of Sikkim finalised its accounts for 1986-87, Separate Audit Report on which was finally issued in February 1993.

7.3.3 A statement showing the summarised financial results of the working of these Statutory

below:--

corporations is given in Appendix VII.

7.3.4 Sikkim Mining Corporation

7.3.4.1 The paid-up capital of the Corporations as on 31 March 1991 was Rs. 224.70 lakhs (contributed by the State Government: Rs. 110.10 lakhs and Central Government: Rs. 114.60 lakhs).

The Corporation had also borrowed funds from the State and Central Governments. The amount of loan outstanding as on 31 March 1991 was Rs. 50.42 lakhs (State Government: Rs. 37.12 lakhs and Central Government: Rs. 13.30 lakhs). Equity share capital to the extent of Rs. 66.21 lakhs has been allotted to Government of Sikkim by converting unsecured loan into equity. Permission/confirmation of the Government of Sikkim regarding conversion of loan into equity had not yet been obtained (March 1993). Interest accrued but not paid on State and Central Government loans was Rs. 14.36 lakhs and Rs. 7.21 lakhs respectively.

The financial position of the Corporation at the close of March 1991 is summarised

Liabilities				Assets	
	(Rup	(Rupees in lakhs)		(Rupees in la	
1.	Paid-up capital	224.70	1.	Net fixed assets	50.55
2.	Loans and Advances	57.62	2.	Cash and Bank balance	3.14
3.	Other liabilities	20.99	3.	Loans and advances	2.51
4.	Reserves and surplus	.	4.	Others assets	146.33
	×:		5.	Profit and Loss account	100.78
	Total:	303.31		Total:	303.31

7.3.4.2 The working results of the Corporation for the year 1990-91 are summarised below:
Amount

		7
	9	(Rupees in lakhs)
1.	Total Revenue	72.47
2.	Total Expenditure	
	(a) Other than interest	78.88
	(b) Interest	1.37
	Total:	80.25
3.	Net loss	7.78
4.	Capital invested (X)	282.32
5.	Capital employed (XX)	90.18

7.3.5 State Bank of Sikkim

The paid-up capital of the Bank as on 31 December 1988 was Rs. 20.38 lakhs (State

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

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

Government: Rs. 13 lakhs and others: Rs. 7.38 lakhs). The Bank had also borrowed funds from other scheduled Banks from time to time. The amount of loan outstanding at the end of December 1988 was Rs. 1174.69 lakhs. The financial position of the Bank at the close of December 1988 is summarised below:-

	Liabilities	Amount		Assets	Amount
		(Rupees in lakhs)			(Rupees in lakhs)
1.	Paid-up capital	20.38	1.	Cash and Bank balance	ce
2.	Reserves and surplus	1098.00		(including money	
3.	Bonds and debentures			at call at short notice)	1155.53
4.	Borrowings	1174.69	2.	Loans and advances	3615.86
5.	Other liabilities	2620.79	3.	Net fixed assets	47.77
			4.	Other Assets	94.70
	Total:	4913.86		Total:	4913.86

The working results of the Bankfor the year ended 31 December 1988 are given below:-7.3.5.1

		*	Amount
			(Rupees in lakhs)
1.	Total Revenue		440.75
2.	Total Expenditure		
	(a) Other than interest	110.02	
	(b) Interest	164.64	274.66
3.	Net Profit		166.09
4.	Capital employed *	Si Si	4136.46
5.	Capital invested #		1647.07
6.	Total return on		
	 Capital employed (X) 		330.73
	- Capital invested (XX)		330.73
	Percentage of return on		
	- Capital employed		8.00
	- Capital invested		20.08

7.3.6 State Trading Corporation of Sikkim

The paid-up capital of the Corporation as on 31 March 1987 was Rs. 19 lakhs (wholly held by the State Government). The Corporation had also borrowed funds from the State Govern-

^(*) Capital employed represents net fixed assets plus working capital.

^(#) Capital invested represents paid-up capital plus long term loans and free reserves.

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

⁽XX)Return on Capital invested represents net profit plus interest charged on long term loans.

ment. The amount of loan outstanding at the end of March 1987 was Rs. 8 lakhs. Although the loan was due for repayment from October 1981 alongwith interest at a rate of 5.5 per cent per annum, interest has not been paid/provided in the accounts till the close of March 1987. The financial position of the Corporation at the close of March 1987 is summarised below:-

Liabilitiies		Assets	
(Ru	pees in lakhs)		(Rupees in lakhs)
Paid-up capital	19.00	 Net Fixed Assets 	31.89
2. Reserves and surplus	108.54	2. Other Assets, Loans	
3. Loans Fund	8.00	and Advances	574.69
4. Other liabilities	471.04		
Total :	606.58	Total:	606.58

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

	Particulars	Amount
		(Rupees in lakhs)
1.	Total Revenue	212.3
2.	Total Expenditure	
	(a) Other then interest	203.42
	(b) Interest	nil
10	Total: 2	203.42
3.	Net Profit	8.91
4.	Capital employed	135.54
5.	Capital invested	135.54
6.	Total return on	
	- Capital employed	8.91
	- Capital invested	8.91
7.	Percentage of return on	
	- Capital employed	6.57
	- Capital invested	6.57

7.4 Departmentally managed Government Commercial/ quasi-commercial undertakings

- **7.4.1** As on 31 March 1992, there were two departmentally managed undertakings viz. (i) Sikkim Nationalised Transport under the Department of Transport and (ii) Sikkim Tea Board under the Industries Department.
- **7.4.2** Out of the two departmentally managed commercial undertakings, one undertaking (Sikkim Tea Board) finalised its accounts for the year 1991-92.

7.4.3 A statement showing the working results of the undertakings based on the latest available account is given in *Appendix VIII*.

STATE TRADING CORPORATION OF SIKKIM

7.5 Activities of State Trading Corporation of Sikkim

7.5.1 Introduction

The State Trading Corporation of Sikkim was established in 1972 under the proclamation of the erstwhile Chogyal of Sikkim on 30 March 1972 with a view to regulating trade activities of the State of Sikkim.

7.5.2 Activities

The activities of the Corporation are to carry on and transact any kind of business relating to purchase, holding, stocking, sale, clearing, forwarding and transportation of any kind of materials inside and outside Sikkim and to do all other things as were incidental and conducive to the attainment of the above objectives or any of them. Under Rule 127 of Sikkim Financial Rules, the Corporation has also been entrusted with departmental purchases involving Rs. 10,000 or more.

The Corporation also started issuing connection and distribution of Liquid Petroleum Gas (LPG) in Sikkim on behalf of Indian Oil Corporation since September 1975.

From the statement it may be seen that virtually no time was allowed for purchase of tender papers and submission of sealed tenders.

7.5.3 Organisational set up

The Corporation is managed by a Board of Directors headed by the Chairman, all nominated by the State Government. As on 31 March 1992, there were seven Directors on the Board. The Managing Director is the Chief Executive of the Corporation and has been delegated administrative powers for carrying out day to day functions of the Corporation.

The trading activities are performed mainly by the head office at Gangtok. Its Calcutta and Siliguri units are engaged in liaison works, protocol and welfare activities.

7.5.4 Scope of Audit

A review of the working of the Corporation covering the period from 1987-88 to 1991-92 was conducted during January - April 1992 with reference to the records of the units located at Calcutta and Siliguri. The points noticed are mentioned in the succeeding paragraphs.

7.5.5 Highlights

Due to lack of proper planning and co-ordination with indenting departments for procurement of materials, quota of levy cement valued at Rs. 56.61 lakhs in four quarters of 1987-88 lapsed. Further, offers for steel materials at lower rates of the value of Rs. 139.03 lakhs were not availe during 1988-89 to 1991-92. (Paragraph 7.5.6)

All abbreviations used in this review are listed in the Glossary in Appendix IX (Page No. 100)

The purchase of steel bars at higher rates resulted in an avoidable expenditure of Rs.16.12 lakhs. (Paragraph 7.5.8.1)

Non-delivery of cement by the transport contractors resulted in loss of Rs. 16.67 lakhs. No action was taken by the Corporation to recover the materials or cost thereof from the contractors.

(Paragraph 7.5.9)

Due to delay in submission of claims for freight reimbursement for the years 1979-80 to 1988-89 an amount of Rs. 184.12 lakhs remained unrealised (April 1992) from the Development Commissioner for Cement Industries. (Paragraph 7.5.10.1)

The Corporation failed to claim freight reimbursement on steel amounting to Rs. 11.76 lakhs for 1987-88 to 1991-92 from the principal manufacturers. (Paragraph 7.5.10.2)

Rs. 41.43 lakhs received on account of freight reimbursement of cement has not been credited (March 1992) to Government account. (Paragraph 7.5.10.3)

The Corporation incurred a net expenditure of Rs. 15.47 lakhs towards protocol and welfare activities on behalf of the State Government but failed to get reimbursement thereof from Government.

(Paragraph 7.5.11.1)

7.5.6 Planning

The Corporation, engaged mainly in departmental purchases, was to obtain annual requirement of principal items like cement, steel bars, iron sheets, equipments etc. from the indenting departments well in advance before the commencement of the financial year. It was noticed in audit that no proper planning for purchase was made in respect of any principal item in any of the years covered in audit. Only quarterly allotment of levy cement for departments and private users was received from the Food and Civil Supplies Department and purchase was made accordingly. The absence of proper planning and co-ordination with the indenting departments led to non-placement of funds resulting in lapse of quota of levy cement amounting to Rs. 56.61 lakhs in four quarters of 1987-88 and steel bars/ iron sheets valued at Rs. 139.03 lakhs during 1988-89 to 1991-92 at Joint Plant Committee (JPC).

The materials/ articles like office equipments, tyres, gas-ovens, stationery article etc. were procured on the basis of internal assessment.

7.5.7 Capital Structure

7.5.7.1 Share Capital

Against the authorised share capital of the Corporation Rs. 400 lakhs, the paid-up capital as on 31 March 1987 was Rs. 19 lakhs contributed by the State Government. The paid-up capital has been raised to Rs. 39.57 lakhs in October 1991 (by Rs. 15.57 lakhs) and March 1992 (by Rs. 5 lakhs).

7.5.7.2 Financial position and working results

(i) The Corporation finalised its accounts upto 1986-87. The table below gives the financial position of the Corporation under broad headings as at the end of march 1987:-

	Particulars		(Amount)
			(Rupees in lakhs
A.	Liabilities		
(i)	Paid-up capital		19.00
(ii)	Borrowings		8.00
(iii)	Current liabilities and provisions		471.00
(iv)	Accumulated Profit		108.54
, ,		Total A	606.54
B.	Assets .		
(i)	Fixed assets	44	1.33
	Less depreciation	12	2.43
	Net block		31.90
(ii)	Current assets, loans and advances		574.64
	,	Total B	606.54

The capital investment of the Corporation as at the end of March 1987 was Rs. 135.54 lakhs.

(ii) The table below indicates the working results of the Corporation for the year 1986-87:-

	Particulars			Amount
				(Rupees in lakhs)
A.	Income			
(i)	Sales of Trading goods		165.99	
(ii)	Other income			46.34
		Total:		212.33
B.	Expenditure			
(i)	Employees' remuneration and benefits			13.65
(ii)	Purchase of trading goods		175.66	
(iii)	Depreciation			1.59
(iv)	Other miscellaneous expenses			12.52
(v)	Profit for the year			8.91
W.00911	Total :			212.33

Return on capital invested

At the end of March 1987, the accumulated profit of the Corporation was Rs. 108.54 lakhs which represented 571.26 per cent of the paid-up capital of Rs. 19.00 lakhs. However, the aforesaid accounts did not reflect the true picture of the financial position, as bulk of the trading activities, viz. cement/steel etc. were not incorpo ated in the accounts.

7.5.7.3 Control and utilisation of resources

The Corporation was to periodically review availability of funds and prepare estimated receipts from different departments at least three months before the commencement of the financial year for optimum utilisation thereof. It was, however, seen that estimates were prepared only for 2 years (1989-90 and 1990-91) which was indicative of lack of planning and control.

Departmental supplies were made on receipt of advances from the respective indenting departments. But, department-wise ledgers showing the advance received, value of supplies made and balance thereof were not maintained. Due to this failure, the total/department-wise credit debit balance could not be ascertained at any point of time. However, delay in preparation of adjustment bills against supplies made resulted in failure in assessing actual financial position of the Corporation and their position with the creditors. Since 1983-84 onwards the Corporation has not reconciled departmental balances lying with them.

7.5.8 Purchase procedure and execution

7.5.8.1 Controlled items like cement, steel bars etc. were procured mainly from the principal manufacturers chreceipt of allotment from the concerned controller. Where the Corporation failed to take the offers made by the manufacturers, procurement was made from retailers and local suppliers at competitive/negotiated rates causing extra cost over normal (JPC) rates as illustrated below:--

In March 1990, the Sikkim Public Works Department placed on indent for the supply of 480 tonnes of steel bars. On being contacted, the Steel Authority of India Limited (SAIL) agreed to supply 200/300 tonnes in between April and May 1990. The Corporation, after inviting tenders, placed supply order (May 1990) with other 4 suppliers at their quoted lowest rates. But, the rates accepted were much higher than JPC rates. Thus, procurement of 156.495 tonnes of steel bars at higher rates resulted in an extra expenditure of Rs. 7.38 lakhs as shown below:--

Parti-	Quantity	Rate of	JPC rate	Differ-	Amount
culars	purchased	procurement		ence	(Rupees)
	(Tonnes)				in lakhs)
10 mm	49.210	12,492	7,835	4,657	2.29
12 mm	32.126	12,474	7,805	4,669	1.50
16 mm	70.154	12,470	7,690	4,780	3.35
20 mm	5.005	12,468	7,690	4,778	0.24
Total:	156.49				7.38

Similarly, as against the indent of 300 tonnes of steel bars placed by the Sikkim Public Works Department during 1991-92, 87.38 tonnes of steel bars were procured from Tata Iron and Steel Company (TISCO) upto November 1991. The TISCO reported (November 1991) non-lifting of materials despite repeated reminders. Instead of lifting the materials from TISCO, the Corporation placed (November 1991, January-February 1992) orders for supply of 168.4 tonnes of steel bars with a rerolling mill based on the lowest tendered rate. The firm supplied 169.478 tonnes of steel bars and payment was made during March-May 1992 resulting in an avoidable

expenditure of Rs. 8.74 lakhs as per details shown below:--

Parti-	Quantity	Rate of	JPC rate	Differ-	Amount
culars	purchased	procurement		ence	(Rupees
2.1. ANS:	(Tonnes)				in lakhs)
		(Rupees	per	tonne)	
8 mm	2.420	14,450	9,486	4,964	0.12
10 mm	34.952	14,450	9,486	4,964	1.74
12 mm	13.159	14,350	9,424	4,926	0.65
16 mm	87.045	14,300	9,076	5,224	4.55
20 mm	22.420	14,300	9,024	5,276	1.18
25 mm	9.482	14,300	9,024	5,276	0.50
Total:	169.478				8.74

In the above cases, reasons for non-lifting the materials from the principal manufacturers were not on record.

7.5.8.2 Other items were normally purchased by inviting quotations. Test check, however, revealed that reasonable/sufficient time was not given for obtaining competitive rates. Few cases where such irregularity was noticed are indicated below:--

SI. Description of No. materials	Date of NIT	Last date for issue of tender documents (non- transferable)	Last date for submission of tenders
1. For supply of (i) Boiler having capacity 150 to 200 kg of steam per hour (ii) A load type 11,KV 3 phase air break switch 200 amp. (iii) K.W.H. Meters	12-7-1991 (The State- smen-Calcutta edition	2.00 PM on 12-7-1991 (cost of tender papers: Rs. 200)	2.00 PM on 20-7-1991
2. For supply of 3 1/2 Core 185 sq. mm 1.1 KV grade PVC armoured aluminium conductor cable	24-7-1991 (The States- man-Calcutta edition)	2.00 PM on 24-9-1991 (cost of tender papers: Rs. 200)	2.00 PM on 27-9-1991

From the statement it may be seen that virtually no time was allowed for purchase of tender papers and submission of sealed tenders.

7.5.9 Transportation

The material procured for various departments and others from outside the State are

received at Siliguri by the Assistant Commercial Manager of the Corporation. Subsequent transportation to destinations are made through Sikkim Nationalised Transport. However, cement and steel materials purchased from stock-yards and factories located in West Bengal, Orissa, Bhutan etc. were lifted and transported by private contractors. The transport contractors were not selected on the basis of open competitive tenders specifying terms and conditions of transportation, timely delivery etc. The reasons for the failure were not on record. They also failed to obtain allotment/purchase-wise periodical accounts of materials lifted, transported and delivered to the Corporation.

A test-check of transportation of cement from factories to Siliguri revealed that a large quantity of cement was not delivered by the transport contractors. During January 1987 to April 1989, the contractors lifted 12995.3 tonnes of cement against 8 allotments but delivered only 11363.65 tonnes retaining 1331.65 tonnes valued at Rs. 14.50 lakhs with them.

Besides, the Corporation had paid transportation charges of Rs. 2.17 lakhs to the contractors without ascertaining receipt of the materials at the delivery point (Siliguri). Thus, the total loss in the transportation amounted to Rs. 16.67 lakhs. The Management had not taken any steps either to recover the material or cost thereof from the transport contractors.

7.5.10 Reimbursement of freight

7.5.10.1 As per the norms of the Development Commissioner for Cement Industries (DCCI) the freight for transportation of levy cement from factories to the destinations (nearest railheads including district headquarters) was reimbursable by the respective manufacturers. The reimbursement was subject to production of release order, receipt of actual users and proof of transportation. The claims were to be submitted within a period of six months. In almost all cases, the freight (railway) upto New Jalpaiguri was reimbursed by the factories and adjusted in their bills. But the road freight from New Jalpaiguri to destinations in Sikkim was to be claimed by the Corporation on behalf of the consignees. The Corporation failed to submit the claims supported by the required documents within the prescribed time limit. Till December 1991, they could realise only Rs. 28.31 lakhs against the total reimbursable amount of Rs. 225.55 lakhs for purchases made during 1979-80 to 1988-89 leaving a balance of Rs. 197.24 lakhs unrealised from the factories as detailed below:--

Name of the factory	Amount reimbursable
	(Rupees in lakhs)
Durgapur Cement Works	125.95
Associated Cement Company Limited	60.27
Hira Cement	6.08
Orissa Cement	30.00
Raymond Cement	1.10
Century Cement	2.15
Total:	225. 5
Amount received	28.31
Amount to be realised	197.24

Delay in submission of claims/documents for reimbursement causing delay in realisation of Government dues was brought to notice of the Management during local audit also. The matter was taken up by the Management with the DCCI in April 1991 for extension of time limit. The DCCI agreed (April 1991) to condone delay in submission of claims in respect of levy cement supplied to the consignees in Sikkim. Accordingly, fresh claims were submitted to the factories and the Corporation got reimbursement of Rs. 13.12 lakhs (February - March 1992).

Thus, inaction on the part of the Corporation in taking timely action resulted in blockage up of Government dues amounting to Rs. 184.12 lakhs.

- **7.5.10.2** Freight reimbursement was also admissible for steel materials purchased at JPC rates from principal manufacturers at the rates of Rs. 505 and Rs. 205 for Calcutta-Gangtok and Siliguri-Gangtok respectively. Test-check of records revealed that the Corporation purchased 4341 tonnes of steel from the manufacturers during 1987-88 to 1991-92. But the Corporation failed to prefer reimbursement of freight of Rs. 11.76 lakhs. Reasons for the non-preferment were also not on record.
- **7.5.10.3** Incidentally it may also be mentioned that Rs. 41.43 lakhs already realised as on 31 March 1992 towards reimbursement of transportation charges for carriage of cement has not been credited to Government account till March 1992.

7.5.11 Protocol and welfare activities

7.5.11.1 The Calcutta unit of the Corporation was entrusted with the protocol and welfare activities which included attending to VIPs and also attending to people of Sikkim going to Calcutta for referral treatment, education etc. They are to maintain guest houses for accommodation of patients, their escorts and also Government officials going on official work. The expenditure incurred on maintenance of guest house and revenue earned therefrom during last five years are as follows:---

as lonows.					
	1987-88	1988-89	1989-90	1990-91	1991-92
Expenditure					
incurred	2.51	2.62	4.52	4.13	4.46
Revenueearned	0.16	0.14	0.69	1.07	0.71
Net expenditure	2.35	2.48	3.83	3.06	3.75

Thus, the Corporation had incurred a net expenditure of Rs. 15.47 lakhs during 1987-88 to 1991-92 towards protocol and welfare activities on behalf of the State Government. The above expenditure was not got reimbursed from the Government resulting in loss

of Rs. 15.47 lakhs in 5 years only.

7.5.11.2 In May 1990, the Calcutta unit of the Corporation entered into an agreement with a flat owner at Ballygunge to hire the said flat on rent basis at a rate of Rs. 6500 per month to be used as guest house from June 1990. But before entering into agreement, it was not investigated if a flat within a residential complex could be used as a public guest house. No clearance was also obtained from the complex authority. Moreover a sum of Rs. 0.31 lakh was incurred by the

Corporation up to December 1990 towards furnishing, electrification etc. The Corporation ultimately failed to take possession of the flat due to objection from the complex authority. The agreement was cancelled with effect from 1 February 1991 after paying Rs. 0.52 lakh towards rent from June 1990 to January 1991. Thus, injudicious decision of the Corporation in hiring residential flat led to wasteful expenditure of Rs. 0.83 lakh.

7.5.12 Other topics of interest

Loss due to shortage and clodding of cement

The levy cement for the first and second quarters of 1988 was booked for out-agencies in Sikkim (Gangtok) Jorethang, Rangpo) by the manufactures (Durgapur and Modi Cement Factories). The materials were transported upto New Jalpaiguri (NJP) by rail which was lifted by Sikkim Nationalised Transport from NJP and stored at their godown at Siliguri for subsequent despatch to the respective out-agencies in Sikkim on behalf of the Railways.

Test check of records relating to receipts of materials at destinations revealed that there was a shortage of 57.70 tonnes of cement valued at Rs. 0.49 lakh at SNT godown, Siliguri during June-October 1988. Further, 192.20 tonnes of clodded cement valued at Rs. 1.64 lakhs were delivered to the respective consignees through the Corporation during June-October 1988.

In addition, there was a short delivery of 14.4 tonnes of cement of the value of Rs. 0.29 lakh from Siliguri Godown to various consignees during 1991-92 and 47.37 tonnes of clodded cement valuing Rs. 0.98 lakh were lying at Siliguri.

Thus, loss due to shortage and clodding amounted to Rs. 3.40 lakhs. The Management has not taken any action to recover the cost from those responsible for the loss.

7.5.13 Report and Returns

As per para 17 of the proclamation, the Corporation was to furnish monthly report to the Government on its progress and activities. No such reports were however, furnished to the Government. The report on the working of the Corporation alongwith annual financial statement (Balance Sheet) was to be prepared and submitted to the Government within six months of the closure of the financial year as contemplated under para 18. But the Corporation had not prepared and finalised their accounts for six consecutive years from 1987-88. As a result, the working of the Corporation remained unevaluated.

7.5.14 The matter was reported to the Management and Government in May 1992; their replies had not been received (November 1992).

SIKKIM INDUSTRIAL DEVELOPMENT AND INVESTMENT CORPORATION LIMITED

7.6 Loss due to embezzlement

Scrutiny of the records of Sikkim Industrial Development and Investment Corporation Limited (February 1990) revealed that the Deputy Manager (Finance) while discharging the duties embezzled an amount of Rs. 0.61 lakh by inflating the amounts of three cheques and by encashing two cancelled cheques. The Management after lodging complaint with the Police (March 1990) finally terminated the services of the official (February 1991) but no action was taken for the

recovery of the embezzled amount (August 1991).

In reply, the Management stated (August 1992) that a legal notice was issued (4 August 1992) directing the official to settle the amount within a period of 21 days from the date of receipt of the notice. However, no recovery had been made as of September 1992.

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

7.7 Non-recovery of taxi loan

The Corporation granted (September 1985) a loan of Rs. 0.79 lakh for purchase of taxi to a loanee in North Sikkim bearing interest at the rate of 12.5 per cent per annum subject to the condition that the loan shall be repaid in 48 monthly instalment commencing from the fourth month after the disbursement of the loan.

In case of failure to repay the principal alongwith interest accrued thereon, the Corporation had the right to realise the same by selling the property mortgaged/hypotheticated as security or any other property belonging to the loanee. After paying an amount of Rs. 0.06 lakh (December 1985 to November 1986) being the repayment of principal and payment of interest, the loanee stopped paying. The Corporation filed a suit only in June 1988 i.e, after a delay of over two and half years under Sikkim Public Demand Recovery Act 1988 against the loanee and a demand notice was issued (December 1988) by the Certificate Officer for repayment of the amount. No reasons for the delay in filing the suit were on record. As the loanee failed to pay the amount, the vehicle was put to auction on three occasions (March 1989, May 1989 and June 1989). The vehicle could not be disposed of as there were no bidders and is still lying in the custody of the Corporation (April 1992).

Thus delay in taking appropriate action against the defaulting lonees resulted in non-recovery of Rs. 1.33 lakhs towards principal and interest.

The Management stated (August 1992) that it obtained permission from the court of Certificate Officer to sell the vehicle on negotiation basis but the vehicle could not be disposed yet. As regards realising the amount by selling other property of the loanee, the Management stated the same would be possible only after disposing of the vehicle and to realise the deficit amount after sale of the vehicle.

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

SIKKIM FLOUR MILLS LIMITED

7.8 Injudicious and infructuous investment in cold storage plant

The Sikkim Flour Mills Limited (SFML) undertook setting up of a cold storage plant in 1982 at Majhitar, East Sikkim. The plant was finally completed in November 1988 at a total cost of Rs. 79.45 lakhs against Rs. 35.00 lakhs estimated at the inception. The increase in the cost was attributed (September 1991) to increase in the cost of materials and labour. The plant was under SFML from November 1988 to October 1989 during which period the total revenue earned was only Rs. 0.80 lakh. Subsequently, in order to avoid operational expenses which were more than the revenue, the plant was handed over to Denzong Agriculture Co-operative Society Limited in

November 1989 on free of rent. However, the plant was again taken over by the SFML in April 1991 as the Cooperative Society could not utilise the plant profitably.

In the Project Report, the use for a cold storage plant was emphasised in view of the express demands made by the trade and other departments/organisations and that the project would be implemented by the SFML itself because of its proven capabilities as well as 'its need to diversify into other lines of business'. According to the forecast made in the Project Report, the plant would start making profits by the second year itself.

It was, however, noticed (June 1991) that the plant was lying idle from April 1991 with an accumulated loss of Rs. 11.04 lakhs to the end of March 1991.

Thus the entire investment of Rs. 79.45 lakhs proved injudicious. The Management stated (September 1991) that the investment was not injudicious and the unit would provide required services to the people in the long run and serve the socio-economic purposes for which it was established.

The matter was reported to the Government in August 1991; reply had not ben received (November 1992).

SIKKIM NATIONALISED TRANSPORT

7.9 Loss of Revenue

Upto August 1988, the rate for carriage of petroleum products by Sikkim Nationalised Transport (SNT) lorries from Indian Oil Corporation (IOC) Depots, New Jalpaiguri to various places in Sikkim was Rs. 1.80 per litre per km. Subsequently, with the approval of the State Government by a Notification issued on 2 September 1988, the SNT enhanced the above rate to Rs. 2.15 per litre per Km. with retrospective effect from 1 April 1988. In respect of 8,039.80 kiloliters of petroleum products transported by its lorries during 1988-89, the SNT was to receive carriage charges of Rs. 121.16 lakhs at the enhanced rate. However, the IOC paid carriage charges of Rs. 17.72 lakhs only calculated at prerevised rates on the ground that prior intimation regarding enhancement in rates was not given by the SNT for IOC's acceptance and necessary adoption. Finally in a joint meeting held in March 1989, the IOC accepted to pay the revised rates with effect from 1 April 1989.

Thus, due to non-intimation of proposed revised rates in advance to the IOC, the SNT suffered a loss of Rs. 3.44 lakhs.

The Management stated (July 1992) that due to delay in obtaining the approval of the Government, the enhanced rates could be notified only in September 1988 and as the petroleum products were already sold, the increased freight could not be realised by IOC from the public and thus payment was made by IOC at revised rates only from 1 April 1989. The Management further stated that presently the intention to revise the rate was intimated in advance and hence no difficulty was experienced.

SIKKIM CO-OPERATIVE MILK PRODUCERS' UNION LIMITED

7.10 Extra expenditure due to rejection of lowest rate

On an enquiry made by the Sikkim Co-operative Milk Producers' Union Limited (SCMPUL) for purchase of skimmed milk powder (SMP), the Tamilnadu Co-operative Milk

Producers' Federation Limited (TNCMPFL), Guwahati quoted (October 1989) Rs. 28 per kg. on the condition that the minimum quantity ordered would be 9 tonnes. The Company rejected the above offer on the ground that adequate funds were not available to meet the cost of 9 tonnes of SMP at a time. However, it was noticed during audit (April-June 1991) that during the period from October 1989 to March 1990, the Company had purchased 14.5 tonnes of SMP valued at Rs. 5.73 lakhs (net) from other firms at rates ranging from Rs. 39 per kg to Rs. 40.50 per kg. Thus due to rejection of lowest offer of Rs. 28 per kg of the TNCMPFL, the SCMPUL suffered a loss of Rs. 1.67 lakhs.

In reply the Management stated (August 1992) that the offer from TNCMPFL was subject to production of CT-2 and L-6 licences which were not issued to the Company till that time. It was further stated that the Company had no funds to meet the cost of 9 tonnes and thus purchased the SMP in piecemeal on credit basis. However, the letter of October 1989 of the TNCMPFL did not contain any conditions regarding supply against cash payment or production of the licences.

Gangtok The 2 4 AUG 1993

(A.K. PATNAIK) Accountant General, Sikkim

Countersigned

New Delhi The F 2 SEP 1993 (C. G. SOMIAH) Comptroller and Auditor General of India



APPENDIX I

(Reference : Paragraph 2.2.2; Page No. 27)

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

SI. No.	Description of the grant/ appropriation	Original grant/ appropriation	Supplementary grant	Saving
			(In rupees)	
	Revenue-Charged			
1.	10-Public Service Commission	11,25,000	2,30,000	2,37,204
	Revenue-Voted			
2.	17-Public Works (Buildings)	7,19,00,000	20,50,000	1,00,21,193
3.	18-Other Administrative			
	Services	1,37,40,000	29,13,000	29,95,470
4.	22-Sports and Youth Services	46,35,000	1,60,000	5,80,032
5.	28-Social Security and Welfare	2,56,57,000	8,83,000	10,49,899
6.	31-Relief on Account of Natural			
	Calamities	3,02,05,000	3,08,46,000	3,09,10,512
7.	40-Other Agricultural		9	
	9rogrammes	1,84,76,000	8,02,000	10,10,296
8.	-Rural Development	2,90,70,000	25,19,000	45,71,826
9.	52-Tourism	1,40,10,000	17,60,000	28,58,797
	Capital-Voted			
10.	17-Public Works (Buildings)	13,80,98,000	19,51,000	1,18,13,885
11.	46-Industries	3,78,00,000	5,00,000	1,50,26,951
-		38,47,16,000	4,46,14,000	8,10,76,065

APPENDIX II

(Reference: Paragraph 2.2.2; Page No. 27)

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

SI. No.	Description of grant/ appropriation	Section	Original	Supplementary grant/appropriation	Saving grant/appro- priation
		The second secon		(In rupees)	
	A-Voted			1	
1.	2-Council of Ministers	Revenue	92,90,000	39,44,000	88,910
2.	3-Administration of Justice	**	40,40,000	3,37,000	1,26,139
3.	4-Election	in %	14,10,000	47,60,000	29,70,382
4. 5.	5-Income Tax and Sales 11- Secretariat General	116	19,35,000	1,15,000	29,405
	Services	, , , , , , , , , , , , , , , , , , ,	1,93,66,000	19,65,000	5,71,780
6.	12-District Administration	11	66,65,000	7,32,000	81,364
7.	13-Treasury and Accounts	***	3 C	1. A STEP A STEP	Total (177 (177 (177 (177 (177 (177 (177 (17
	Administration	n:	73,56,000	8,53,000	1,02,119
8.	14-Police	***	8,92,87,000	50,63,000	28,57,166
9.	15-Jail	11	12,60,000	3,70,000	44,968
10	25-Water Supply and				
	Sanitation	,,	3,56,45,000	19,13,000	1,20,709
11.	35-Soil and Water				
	Conservation	3.7	3,73,15,000	92,54,000	13,33,881
12.	36-Animal Husbandry	11	2,77,50,000	63,92,000	69,634
13.	39-Forestry and Wildlife	110	7,23,15,000	1,62,79,000	19,45,596
14.	45-Power	11	6,28,30,000	2,79,20,000	26,32,889
15.	47-Mines & Geology	11	28,75,000	2,10,000	12,221
16.	51-Secretariat-Economic				
	Services	20	78,45,000	2,55,000	39,258
	B-Charged	(f. 19			
17.	3-Administration				
	of Justice	Revenue	35,35,000	3,00,000	98,674
18.	10-Interest Payment	11	14,43,55,000	86,82,000	42,38,834
			53,50,74,000	8,93,44,000 1,7	3,63,929

APPENDIX III

(Reference: Paragraph 2.2.2; Page No.27)

Statement showing grants in which supplementary provision was insufficient

SI. No.	Description of grant/ appropriation	Section	Original grant	Supplementary Exce grant	SS
	* 1 11		and the	(In Rupees)	
	Voted		quality.		80
1.	1-State Legislature	Revenue	51,25,000	11,30,000 3,46,22	3
2.	6-Land Revenue	31	55,30,000	8,50,000 3,01,67	4
3.	8-Excise (Abkari)	99	28,90,000	3,97,000 62,86	9
4.	9-Taxes on Vehicles		6,57,000	55,000	7
5.	23-Art and Culture	31	78,60,000	2,26,000 6,36	5
6.	24-Medical and				
58.5%	Public Health	11	8,78,00,000	90,70,000 96,55,39	2
7.	25-Water Supply and			in the two search land	
	Sanitation	Capital	7,80,20,000	54,50,000 28,06,27	2
8.	27-Information and		6.0.0	and the second	
	Publicity	Revenue	62,35,000	1,00,000 36,11	3
9.	30-Nutrition	11	1,16,35,000	30,000 62,39	0
10.	34-Agriculture	11	5,78,95,000	47,71,000 13,91,52	22
11.	38-Fisheries	11	32,55,000	2,30,000 11,18	35
12.	41-Food, Storage				
	Warehousing	n	52,90,000	4,00,000 4,21,92	26
13.	45-Power	Capital	22,29,00,000	4,67,25,000 9,44, 33	
14.	46-Industries	Revenue	2,50,74,000	5,29,000 12,42,50)1
			52,01,66,000	6,99,63,000 1,72,89,57	72

APPENDIX IV

(Reference: Paragraph: 2.5; Page No.30)

Injudicious and irregular reappropriation

(a) Cases in which funds were injudiciously withdrawn by reappropriation, although the accounts showed an excess over the provision (Original plus Supplementary)

SI. No.	Grant number and Head of account	Total grant (original plus supple-	Actual expenditure	Excess	wit by	ount hdrawn reappro-
		mentary)			pria	ation
			(Rupees in lakt	is)		
1.	24-Medical and Public Heal	th				
	2211-Family Welfare					
	101-Rural Family	10.00		20.75	225	2.51
	Welfare Services	43.93	94.03	50.10	(-)	6.01
2.	34-Agriculture					
	2401-Crop Husbandry					
	001-Direction and					
	Administration	42.50	43.76	1.26	(-)	0.41
3.	39-Forestry and Wildlife					
	2406-Forestry and Wildlife					
	01-Forestry					
	102-Social and Farm Forestry	/				
	1-Farm Forestry	120.50	132.32	11.82	(-)	0.10
4.	45-Power					
	4801-Capital outlay on Power					
	Projects					
	01-Hydel Generation	1486.25	1488.17	1.92	(-)	0.45
5.	45-Power					
	4801-Capital Outlay on Power					
	Projects					
	06-Rural Electrification	740.00	74070			127 - 27
	800-Other expenditure	710.00	715.78	5.78	(-)	0.76
6.	46-Industries					
	2851-Village and Small Industries					
	102-Small Scale Industries					
		41.00	44.57	2.57	()	4.00
	II-Other Programmes	41.00	44.5/	3.57	(-)	4.90

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

SI. No.	Head of account	Total Grant (original plus supplementary)	Actual expen-	Actual saving available	Reappro- priation (reduction)
			ees in lakhs)		<u> </u>
1.	21-Education 2202-General Education	(Hop-	oco in lamoj		and the second second of
	106-Teachers and other Services (ii)-Primary School	774.40	645.60	128.80	(-)139.56
2.	26-Urban Development 4217-Capital Outlay on Urban Development 03-Integrated Development of Small and Medium Towns 051-Construction				Rection Section Section of Section Section
	2-Development of Small and Medium Towns	34.00	21.06	12.94	(-) 14.50
3.	35-Soil and Water Conservation 2402-Soil and Water Conservation 10 -S il Conservation		328.82	6.76	(-) 9.70
4.	39-Forestry and Wildlife 2406-Forestry and Wildlife 701-Forestry		8 h		
	070-Communication and Buildings	65.50	55.97	9.53	(-) 11.62
5.	39-Forestry and Wildlife 2406-Forestry and Wildlife 102-Social and Farm Forestry	· ·	20 A		
	II-Plantation Schemes	322.38	310.17	12.21	(-) 23.40
6.	41-Food Storage and Warehous 4408-Capital Outlay on Food Stora and Warehousing 01-Food		12. A		
	02-Storage and Warehousing 101-Rural Godown Programme	48.00	39.78	8.22	(-) 11.75

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

SI. No.	Grant number and Head of account	Total Grant (original plus supple- mentary)	Actual expenditure	Actual saving available	Reappro- priation (augmenta- tion)
1	. 2	3	4	5	6
	*	(Rupees	in lakhs)		
1.	17-Public Works (Buil			ů.	
	4202-Capital Outlay on				
	Education, Sports,				
	Arts and Culture	,			
	01-General Education	1			
	201-Elementary	18			
	Education	160.00	144.31	15.69	(+) 8.51
2.	28-Social Security and Welfare				
	2235-Social Security and Welfare	S .			
	102-Pension under				
	Social Security				
	Schemes	10.15	5.27	4.88	(+) 0.89
3.	43-Rural Developmen	nt		8	
	2501-Special Programm			8	
	for Rural Developn				
	01-Integrated Rural				
	Development				
	Programme				
	101-Subsidy to District				
	Rural Developmen			20.25	
	Agencies	44.00	29.56	14.44	(+) 7.56

(d) Cases in which funds were injudiciously augmented by reappropriation of sums in excess of what was actually required to cover the excess of expenditure over the provision (original plus supplementary) which ultimately resulted in savings

SI. No.	Grant number and Head of account	Total Grant (original plus supplemen- tary)	Actual expen- diture	Excess	Reappro- priation (augmen- tation)
1_	2	3	4	5	6
	7	(Rupees in lak	rhe)		٧.
1.	21-Education	(Nupees iii lar	413)		
2.60	2202-General Education				
	106-Teachers and				
	Other Services				2
	(iii)-Junior High				
	School	468.00	483.80	15.80	(+) 24.83
	*				7.5
2.	21-Education				
	2202-General Education				
	02-Secondary Education				
	001-Di tion and		77.74.74.74		
	A istr tion	125.00	143.60	18.60	(+) 21.40
3.	21-Education				
	2202-General Educ tion				
	104-Teachers and				
	Other Services				
	(1)-High and Higher				
	Secondary				
	Schools	643.00	651.48	8.48	(+) 20.65
4.	49-Road Transport				
	Services				
	3055-Road Transport				
	Services				
	(b)-Operations	506.10	568.63	62.53	(+) 63.36



(Reference : Paragraph 7.2.2,

Statement showing particulars of paid-up capital, outstanding loans,

SI.	Name of the Company		Paid-up cap	ital at the	
	Applies and the second	ATTENDED	State Government	Central Government	
	<u> </u>	-			
1.	Sikkim Jewels Limited		67.28		
2.	Sikkim Time Corporation Limited		233.00	_	
3.	Sikkim Industrial Development and Investment Corporation Limited		416.50		
4.	Sikkim Flour Mills Limited		87.53		
	Total:		804.31	_	

DIX V

Page No. 68)

working results etc. of companies as on 31st March 1992.

	end of curren	t year	Long term loan	Amount of
•	Others	Total	at the end of current year	guarantee given
		(Rupees in lakhs	s)	
	5.43	72.71	99.75	Nil
		233.00	55.00	Nil
	386.80	803.30	915.28	Nil
	- 11	87.53	10.90	Nil
	392.23	1196.54	1080.93	Nil .

Corporation

Limited.

Sikkim Jewels

Limited

October

1976

July

1976

1990-91

1989-90



(Reference : Paragraph

(Figures in columns

(+) 64.25

(+) 6.64

Summarised Financial Results

	PARTY LA							*
SI. No.	Name of the Company	Date of incorporation	Year of accounts	Authorised share capital	Paid- up capi- tal	Capi- tal inves- ted	Profit (+)/ Loss (-)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1.	Sikkim Industrial Development and Investment Corporation Limited	March 1977	1990-91	100.00	803.30	1720.75	(-) 64.17	
2.	Sikkim lour	June						
242744-1-1	Mills Limited	1989	1990-91	200.00	87.53	98.43	(-) 8.38	
3.	Sikkim Time							

400.00

200.00

233.00

72.71

528.22

215.07



7.2.3; Page No.69)

of the Working of Companies

5 to 13 are in lakhs of rupees)

Total interest charged to P & L account	Interest charged on long term loans	Total return on capi- tal invested (8+10)	Capital employ- ed	Total return on capi- tal employed (8+9)	Percentage of return on capital invested	Percentage of return on capital employed
(9)	(10)	(11)	(12)	(13)	(14)	(15)
		,				
72.48	72.48	8.31	1521.98	8.31	0.49	0.55
0.61	0,61	7.77	90.57	7.77	Ξ.	-
 8.25	8.25	72.50	564.90	72.50	13.72	12.83
3.63	3.63	10.27	65.69	10.27	4.78	15.63



(Reference : Paragraph

Summarised Financial Results of

(Figures in columns

SI. No.	Name of the Corpo- ration	Date of incorporation	Year of accounts	Authorised share capital	Paid- up capi- tal	Total capi- tal inves- ted	Profit(+)/ Loss (-)	
1	2	3	. 4	5	6	7	8	
1.	Sikkim Mining Corporation	February 1960	1990-91	100.00	224.70	282.32	(-) 7.76	
2.	State Bank of Sikkim	June 1968	1987 1988	100.00 100.00	20.38 20.38	2018.69 1647.07	(+)159.79 (+)166.09	
3.	State Trading Corporation of Sikkim	March 1972	1986-87	400.00	19.00	135.54	(+) 8.91	

DIX VII

7.3.3; Page No.70)

the working of Statutory Corporations

5 to 13 are rupees in lakhs)

Total interest charged to P & L account	Interest on long term loan	Total return on capi- tal in- vested (8+10)	Capital employ- yed	Total return on capi- tal employed (8+9)	Percentage of return on capital invested	Percentage of return on capital employed
9	10	11	12	13	14	15
1.37	1,37	(-) 6.39	90.18	(-) 6.39	=	_
181,95	181.95	341.74	4041.65	341.74	16.93	8.46
164.64	164.64	330.73	4136.46	330.73	20.07	7.99
-		8.91	135.54	8.91	6.57	6.57

APPEN

(Reference : Paragraph

Summarised Financial Results of the

(Figures in column

			capital	
2	3	4	5	
ikkim ationalised ransport	1955-56	1990-91	1694.06	
ikkim Tea oard	June 1974	1991-92	546.63	
	ationalised ansport kkim Tea	kkim ationalised ansport 1955-56 kkim Tea	kkim ationalised ansport 1955-56 1990-91 kkim Tea	kkim ationalised ansport 1955-56 1990-91 1694.06 kkim Tea

^{*} Mean Capital represents the average of opening

DIX VIII

7.4.3, Page No.73)

working of Departmentally managed undertakings

5 to 8 are rupees in lakhs)

Profit (+)/ Loss (-)	Total interest on Government loan/capital	Total return	Percentage of return on mean capital
6	7	8	9
(-) 108.13	Not provided .	(-) 108.13	-
(+) 85.14	· .	(+) 85.14	_
			a a

and closing balances of capital fund.

APPENDIX IX

Glossary of abbreviations

A Achievement

CL Country Liquors

CSD Civil Supply Depot

CST Central Sales Tax

cum cubic metre (s)

DCC District Co-ordination Committee

DCCI Development commissioner for Cement Industries

FCI Food Corporation of India

GI pipes Galvanised Iron pipes

CI wires Galvanised Iron wires

ha hectare (s)

HCL Hindusthan Computers Limited

HDPE High Density Poly Ethylene

IMFL Indian Made Foreign Liquors

IOC Indian Oil Corporation

JPC Joint Plant Committee

KV Kilo Volt (s)

KVA Kilo Volt Amperes

KWH Kilo Watt Hour (s)

MPWA Miscellaneous Public Works Advances

MS rods Mild Steel rods

NCERT National Council of Educational Research and Training

NJP New Jalpaiguri

NP Non-Plan

OB Operation Blackboard

P Plan

PVC Polyvinyl Chloride

S Shortfall

SAIL Steel Authority of India Limited

SCMPUL Sikkim Co-operative Milk Producers' Union Limited

SFML Sikkim Flour Mills Limited

SIDICO Sikkim Industrial Development and Investment Corporation Limited

SLEC State Level Empowered Committee

SMFL Sikkim Made Foreign Liquors

SMP Sikkim Milk Powder

SNT Sikkim Nationalised Transport

SPWD (R&B) Sikkim Public Works Department (Roads & Bridges)

STCS State Trading Corporation of Sikkim

SWCS Soil and Water Conservation Scheme

T Targets

TISCO Tata Iron and Steel Company

TNCMPFL Tamilhadu Co-operative Milk Producers' Federation Limited

T&P Tools and Plant