CHAPTER - II

Audit of Transactions (Civil Departments)

CHAPTER – II

AUDIT OF TRANSACTIONS
(CIVIL DEPARTMENTS)

Misappropriation/Loss

COMMERCE AND INDUSTRIES DEPARTMENT

2.1 Loss of Central assistance due to non-completion of growth centre

Even after incurring an expenditure of ₹ 15.30 crore over a period of nearly seven years, the Department failed to complete the Growth Centre (GC) with all its requisite infrastructure and facilities congenial for industrial growth within the prescribed time limit and resultantly had to forego the GOI assistance of ₹ 7 crore towards creation of industrial infrastructure required for attracting industries to the State.

With the objectives of (i) attracting industries in backward areas, (ii) generating entrepreneurial and employment opportunities, (iii) providing filter water to the surrounding villages, (iv) upgrading housing dwellings, and (v) strengthening the village amenities such as schools, training centres, primary health centres, etc., the Department of Commerce and Industries submitted a detailed project report (February 2003) to the Government of India (GOI) for establishing industrial Growth Centre (GC) in Samlik - Marchak of East district. The project, as approved (November 2003) by GOI, was estimated at ₹ 31.76 crore[1] (GOI: ₹ 15 crore and State: ₹ 16.76 crore) for completion and making it functional within March 2009, failing which no fund will be released by the GOI. While the GOI released ₹ 8 crore[2] (January 2004 to August 2008), the State Government belatedly released ₹ 8.66 crore (August 2006 to September 2009).

Scrutiny of records (September 2009) revealed that out of ₹ 16.66 crore released by GOI and State Government, ₹ 15.30 crore was spent towards purchase of land (₹ 7.68 crore), fencing (₹ 1.09 crore), construction of road (₹ 2.02 crore), water facility (₹ 3.17 crore) and power facility (₹ 1.35 crore). However, due to delayed and short release of fund by the State Government and consequential non-completion of the GC with all its requisite infrastructure and facilities congenial for industrial growth within the prescribed time limit (March 2009), the GOI did not release the balance fund of ₹ 7 crore. The Department also failed to justify the reasons for delay in completion and pursue the matter with GOI as well as the State Government for release of the balance funds for completion of the GC and making it functional.

---

[1] *The amount includes (i) Land and site development, (ii) Industrial infrastructure, and (iii) Contingencies.*

[2] *₹ 5 crore (first installment in January 2004) + ₹ 1 crore (second installment in December 2005) + ₹ 2 crore (third installment in August 2008).*

The Department stated (October 2009) that an approach road has already been constructed as a basic infrastructure for the GC alongwith proper water facility and fencing of the area. It was also stated that the infrastructure on the land allotted were being developed in the GC area. Reply of the Department is not tenable as the joint physical verification conducted by Audit in the presence of departmental officers and information obtained from the Department revealed (June 2010) that out of nine entrepreneurs to whom sites have been allotted during 2007-2009, only one has started production in its partially completed factory building. It was also seen during physical verification that works of road construction and water supply have only been partially completed.

Thus, even after the expiry of nearly seven years, since the approval (November 2003) of the project, the Department failed to complete the GC with all its requisite infrastructure and facilities congenial for industrial growth, within the prescribed time limit (March 2009), and resultantly had to forego the GOI assistance of ₹ 7 crore towards creation of industrial infrastructure required for attracting industries in the State. Even after incurring the expenditure of ₹ 15.30 crore, the objective of industrial development in the State remained largely unachieved.

In a further reply the Department stated (September 2010) that the matter was pursued vigorously to get the release of the fund from the Government of India for completion of the project in time. However, as intimated by the Union Ministry of Commerce and Industry, Government of India has closed down the scheme in question and have directed the Development Commissioner under Micro, Small and Medium Enterprises to take further necessary action for release of balance fund for completion of the project. Fact remained that the project could not be completed as yet.

SIKKIM STATE CO-OPERATIVE SUPPLY & MARKETING FEDERATION LIMITED

2.2 Loss on interest free advances

Failure of SIMFED to charge and realise interest on release of advances resulted in a loss of ₹ 29.96 lakh.

The primary and essential objectives of engaging SIMFED for procurement of material on behalf of the State Government departments are to ensure timely procurement and supply of quality material at the most economical rates. For the purpose of procuring material from the private suppliers, the SIMFED was releasing advances which were to be adjusted against supply of material and realisation of interest at rates, which varied from 10 to 18 *per cent*, as approved by the SIMFED itself.

Scrutiny of records revealed that during 2008-09, SIMFED released an aggregated amount of ₹ 8.91 crore as advances to various suppliers for procurement of material ordered by Government departments without imposing any interest. This was despite the approval of SIMFED itself for charging interest on the advances released. Due to not charging interest on advances of ₹ 8.91 crore, the SIMFED had to sustain a loss of ₹ 29.96 lakh (calculated at the minimum rate of 10 *per cent*) towards interest receivable from 15 suppliers for the intervening period of payment and adjustment ranging from 14 to 409 days as detailed in **Appendix – 2.1**.

While accepting the observation, the management stated (November 2009) that according to the policies adopted by the SIMFED, interest was being charged only on advances paid to the suppliers from the working capital of SIMFED and not on the advances released from the funds received from the Government departments. It was however assured that interest on advances will be charged from the year 2009-10. The contention of management is not tenable as SIMFED had levied interest on all the advances released during the period prior to 2008-09. Further, irrespective of whether the advances were paid from the working capital or the funds received from the Government departments, SIMFED was expected to safeguard the financial interest of the Government, failure of which resulted in a loss of ₹ 29.96 lakh.

Undue favour

RURAL MANAGEMENT AND DEVELOPMENT DEPARTMENT

2.3 Excess payment to the contractors due to erroneous adoption of rate

Due to adoption of erroneous rate for stone spalls in Analysis of Rate, there was an excess expenditure of ₹ 33.79 lakh.

The Rural Management and Development Department (RMDD) adopts the rate specified in the Schedule of Rates (SOR) framed by the Sikkim Public Works Department (SPWD) for execution of works under the Pradhan Mantri Gram Sadak Yojana (PMGSY). However, for the item of works not specified in the SOR of SPWD, the RMDD analyses and fixes the rates on the basis of the analysis specified by the Ministry of Rural Development, Government of India.

Scrutiny revealed that during execution of PMGSY phase V works, the RMDD erroneously adopted the rate of stone spalls at ₹ 1,200 per cum instead of ₹ 120 per cum for execution of 'Stone Masonry Work in Cement Mortar (1:5)'. This resulted in fixation of rate at ₹ 2,012.04 per cum instead of at ₹ 1,372.75 per cum. Further, for construction of 'Reference Pillar/Back Pillar' and 'Laying of boulder apron laid in wire crates with 4 mm GI wire', the rate of stone spalls was adopted at ₹ 300 per cum instead of ₹ 120 per cum which resulted in higher fixation of rates for boundary pillar/reference pillar at ₹ 16,785.48 per km instead of ₹ 15,933.09 per km and laying of boulder apron laid in wire crates with 4 mm GI wire at ₹ 653.84 per cum instead of ₹ 613.09 per cum. Audit scrutiny further revealed that while executing similar item of works under stages I to IV, the Department adopted the rate of stone spalls at ₹ 120 per cum.

Thus, due to adoption of erroneous and higher rates than the applicable ones, the RMDD incurred an excess expenditure of ₹ 33.79 lakh[3] towards execution of stone masonry work (3,986.02 cum), reference/ boundary pillar (326.90 km) and providing & laying apron in wire crates (13,569.54 cum) during February 2008 to September 2009 as detailed in the **Appendix – 2.2**.

The matter was reported to the Department/ Government (January 2010); their reply was awaited (October 2010).

Avoidable/Excess Payment

LAND REVENUE AND DISASTER MANAGEMENT DEPARTMENT

2.4 Excess payment on land acquisition

Payment of solatium beyond the provision of Land Acquisition Act 1894 to the willing land owners towards acquisition of land resulted in an excess payment of ₹ 61.82 lakh.

Section 23(2) of the Land Acquisition Act 1894 stipulates that the court while determining the amount of compensation to be awarded under the Act, shall award *solatium*, a sum of 30 *per cent* on market value of land in consideration of the compulsory nature of the acquisition. In *Lily Ghosh v State of WB AIR 1979 Cal 329*, it was held that "the principle behind payment of *solatium* was to satisfy the land owners who showed disinclination to part with their land. But where the land owner willfully offers his land for acquisition at an agreed market value, he cannot claim any *solatium*". Again in *Narain Das Jain v Agra Nagar Mahapalika (1991) 4 SCC 12*, the court reaffirmed that "*solatium* is money comfort quantified by the statute, and given as a conciliatory measure for the compulsory acquisition of the land of the citizen, by a welfare State such as ours".

Scrutiny of records revealed (February 2010) that for providing land to various agencies, as and when required, through the creation of a Land Bank, Government approved the acquisition of land, as identified by the Committee set up (April 2007) for the purpose, at Taza Block (6.4920 hectares) and Martam Block (5.9380 hectares) under East District. Accordingly, the District Collector, East (DCE) assessed (February and March 2008) the compensation at ₹ 278.72 lakh (6.4920 hectares at ₹ 154.18 lakh *plus* 5.9380 hectares at ₹ 124.54 lakh) which included 30 *per cent solatium* of ₹ 61.82 lakh (₹ 34.20 lakh *plus* ₹ 27.62 lakh) intended for compulsory acquisition. The entire assessed amount of ₹ 278.72 lakh was transferred during 2008-09 to the DCE for disbursement to the landowners. However, since the land owners were willing to sell

[3] *Masonry work of ₹ 25,48,223 + Reference/Boundary Pillar work of ₹ 2,75,915 + Providing & Laying Boulder Apron of ₹ 5,54,371 = ₹ 33,78,509*

their land, as verified and certified by the committee constituted for the purpose, the payment of 30 *per cent solatium* was against the provision of the Land Acquisition Act 1894 and resulted in an excess payment of ₹ 61.82 lakh.

The matter was reported to the Government/Department (April 2010); their reply was awaited (October 2010).

2.5 Excess payment on land acquisition

Due to erroneous computation of prevailing market rates of land, the Department made an excess payment of ₹ 16.86 crore to the land owners.

For acquisition of land required by Government departments and other organisations/bodies, etc., land compensation is assessed by the concerned District Collectors, functioning under the administrative control of the Land Revenue and Disaster Management Department (LRDMD), on the basis of prevailing market rate of land surrounding the area to be acquired.

Scrutiny of records revealed (February and July 2010) that while assessing the compensation for acquiring 5.9380 hectares (6,39,161.03 sq. ft.) of land at Martam in East District at an expenditure of ₹ 1.25 crore (inclusive of solatium, standing properties and other charges), prevailing market rate as calculated by the District Collector, East (DCE) was erroneously computed (February 2008) at ₹ 14.18 per sq. ft. as against the actual average prevailing market rate of ₹ 7.93 per sq. ft. calculated in Audit on the basis of land deals executed by private parties during the same period. Similarly, while assessing the compensation, in six cases in South District involving acquirement of 134.472 hectares of land (1,44,74,446.38 sq. ft.) at an expenditure of ₹ 29.35 crore (inclusive of *solatium*, standing properties and other charges), the prevailing market rates as calculated by the District Collector, South (DCS) was erroneously computed (July 2008 to June 2010) at rates varying from ₹ 9.37 per sq. ft. to ₹ 343.96 per sq. ft. as against the corresponding actual market rates varying from ₹ 1.76 per sq. ft. to ₹ 121.29 per sq. ft. as noticed from the transactions entered into by private parties during the same period. The erroneous computation of market rates of land by the DCE and DCS resulted in an excess payment of ₹ 16.86 crore to the land owners on acquisition of 140.41 hectares of land as detailed in the **Appendix – 2.3.**

The matter was reported to the Government/Department (April 2010, July 2010); their reply was awaited (October 2010).

2.6 Excess payment towards acquisition of land

Failure of the Department to rectify the erroneous assessment of land compensation resulted in an excess payment of ₹ 62.91 lakh towards acquisition of land.

For acquisition of land required by Government departments and other organisations/bodies, etc., land compensation is assessed by the Land Revenue and Disaster Management Department (LRDMD), as per the prevailing Government rate notified by the Department, from time to time. In the event of land owners not agreeing to part with their land, acquisition of land is effected as per the provision of the Land Acquisition Act 1894.

Scrutiny of records revealed (February 2010) that for construction of Khelgoan, the Sports and Youth Affairs Department (SYAD) approached (February 2005) the LRDMD for acquisition of land. Accordingly, the District Collector, East (DCE) assessed (March 2007) the amount of compensation towards acquisition of 4.3360 hectares of land at Resithang under Luing Block of East District at ₹ 238.36 lakh (at the rate of ₹ 35.73 per sq.ft. *plus* cost of standing properties, 30 *per cent solatium* and other charges, etc.) under Section 4(1) of the Land Acquisition Act 1894. The compensation of ₹ 238.36 lakh as assessed by DCE was approved and financial sanction accorded by the Government in March 2007. In the meantime, the DCE reviewed (May 2007) the earlier assessment and reassessed the amount of compensation at ₹ 175.45 lakh. The reason for reassessment was that while the earlier assessment at the rate of ₹ 35.73 per sft was intended for land situated within 100 ft from the roadside, the main part (4.0380 hectares) of the land assessed (4.3360 hectares) was situated beyond 100 ft from roadside and was therefore to be assessed at ₹ 25.07 per sq.ft. However, the revised assessment was not accepted by the Additional Secretary on the plea that the value of land as assessed by the DCE in March 2007 had already been approved and financial sanction accorded by the Government. It was further seen that although the compensation amount was released by the SYAD to LRDMD in September 2007 (₹ 175 lakh) and November 2009 (₹ 67.57 lakh, including ₹ 4.21 lakh to be paid for additional acquirement made in June 2009) for subsequent payment to the land owners, the Secretary did not take any initiative in the financial interest of the State to appraise the Government about the over assessment and requirement for revision of the amount assessed to avoid overpayment.

Thus, due to assessment of compensation at rates higher than the market rate by DCE at initial stage and failure of the Department to rectify the erroneous assessment resulted in an excess payment of ₹ 62.91 lakh on acquisition of land.

The matter was reported to the Government/Department (April 2010); their reply was awaited (October 2010).

Infructuous/Wasteful expenditure

WATER SECURITY AND PUBLIC HEALTH ENGINEERING DEPARTMENT

2.7 Irregular implementation of the Greater Rangpo Water Supply Scheme

Absence of planning and coordination in implementation of the Greater Rangpo Water Supply Project led to inordinate delay in completion of the scheme, cost escalation of ₹ 72.60 lakh and wasteful expenditure of ₹ 52.67 lakh.

The Ministry of Development of North Eastern Region (DONER) sanctioned (December 2006) ₹ 17 crore and released ₹ 16.50 crore (January 2007-February 2008) to the Water Security and Public Health Engineering Department (WSPHED) for implementation of the project 'Augmentation of Water Supply for Greater Rangpo in East Sikkim'. The project was to be completed by December 2008 on the basis of 90 *per cent* grants and 10 *per cent* loan from the Government of India.

The project comprising of two major components, civil works relating to construction of various structures and procurement of pipes and fittings, envisaged tapping water from the Rangpo Khola about 24 kms upstream from the water treatment plant located at Rangpo. While the civil works component[4] of the project was put to tender in March 2007, supply orders for pipes and fittings were simultaneously placed during February-March 2007. Before completion of the civil works and supplies, the Department moved (December 2007) a proposal for major revision of the project, which *inter alia*, incorporated shifting of the intake point to a location further 12.90 kms upstream of the original site. The need for shifting the intake was stated to be due to construction of one ongoing hydropower project (Chuzachen Project by the developer "Gati Infrastructure Private Limited" (GIPL)) due to which the water for the Greater Rangpo project could not be sourced from the original site. The revised cost of the project was worked out to ₹ 24.26 crore which exceeded the original sanctioned cost (₹ 17 crore) by ₹ 7.26 crore. The WSPHED submitted the revised project to the DONER through the State Planning and Development Department in July 2008 for additional sanction. The DONER indicated the possibility of additional sanction in the ratio of 50:50 to be borne between the GOI and the State Government in February 2009. Pending receipt of additional funding from the GOI, the project had been stalled as of August 2010.

It was noticed in audit that the development of the Chuzachen Hydropower Project had

[4] *(i) Construction of intake works, sedimentation tank, river diversion and protective works – ₹ 52.67 lakh, (ii) Track cutting, earthwork excavation and protective works at Kms 15 to 24, RCC casing work and construction of approach footpath to intake – ₹ 78.73 lakh, (iii) Construction of steel bridge, jhora crossing , track cutting, earthwork excavation and protective works to clear water mains, distribution mains and allied works – ₹ 1.03 crore, (iv) Construction of RCC reservoirs and Staff quarters – ₹ 1.12 crore, (v) Track cutting, earthwork excavation, protective works to river at 0 to 10 Kms – ₹ 55.27 lakh.*

been awarded to the GIPL by the State Government in November 2003. The power project envisaged utilisation of water from the Rangpo and Rongli rivers. The major infrastructure such as dam, surge shaft, tunnels, power house, etc. had been identified by GIPL in 2003-04 and the public hearing through advertisement in newspapers had been conducted in September 2004. Despite the fact that the Chuzachen Power Project, expected to be commissioned by December 2010, was being actively developed much before commencement of the Greater Rangpo scheme on the same river from which the water for the Greater Rangpo project was proposed to be tapped, the WSPHED did not coordinate with the Energy and Power Department (under whose aegis the power project was being developed) to ensure availability of water for the scheme and to identify the location of the intake site. Due to this lapse on the part of the WSPHED, the project required major revision entailing additional expenditure of ₹ 7.26 crore of which 10 *per cent* amounting to ₹ 72.60 lakh accounted for cost escalation due to time overrun. The civil works relating to construction of intake, protective works, diversion, etc. executed at the source at ₹ 52.67 lakh was rendered wasteful as the intake and allied structures constructed at the initial project site became redundant due to shifting the intake location further upstream.

Thus, absence of proper planning and coordination in the implementation of the Greater Rangpo water supply scheme led to inordinate delay in completion of the scheme, cost escalation of ₹ 72.60 lakh and wasteful expenditure of ₹ 52.67 lakh.

The matter was reported to the Department/ Government (February 2010); their reply was awaited (October 2010).

DEPARTMENT OF ECONOMICS, STATISTICS, MONITORING AND EVALUATION

2.8 Infructuous expenditure

Barely within six months of the completion of a comprehensive Socio-Economic Survey and pending approval of the report thereon from the Government, decision of the Government to conduct another survey to determine the population of Limboo and Tamang in the State led to duplication of work with consequential infructuous expenditure of ₹ 50 lakh.

The Department of Economics, Statistics, Monitoring and Evaluation (DESME) carried out (December 2005 to March 2007) a Socio-Economic Census covering every citizen above the age of five years in the State at a total cost of ₹ 2.50 crore (including printing of report). The unique photographic database was to be used extensively for planning and other future projects of the State Government. The final report of the survey was submitted (December 2007) to the Government for approval. Pending approval from the Government, 7,260 copies of the report (2,729 copies) and ward profile (4,531 copies) were printed (March 2007 and March 2008) at an expenditure of ₹ 54 lakh.

Scrutiny of records (December 2009) revealed that barely six months after the submission of report to the Government, the State Government, apparently not being satisfied with the earlier Socio-Economic Census, again decided (June 2008) to conduct another survey to determine the population of Limboo and Tamang communities primarily for determining their population for additional reservation of seats in the State Legislature. The work was entrusted (May 2008) to the DESME for completion within 100 days. An expenditure of ₹ 50 lakh was incurred from the Contingency Fund (₹ 20 lakh in June 2008 and ₹ 30 lakh in July 2008) as there was no budgetary provision for the work. The work commenced in July 2008 and was completed in November 2008. The report submitted in December 2008 awaited approval of the Government (December 2009).

Since the latest data on population alongwith other detailed information of every community, including Limboo and Tamang, in the State was available in the earlier Socio-Economic Census Report presented to the Government in December 2007, there was no need to conduct another survey for ascertaining the population status of Limboo and Tamang in the State. It was further seen that data obtained in the survey conducted in 2008 (Limboo: 57,708 and Tamang: 39,558) did not vary much with those obtained in the earlier survey (Limboo: 56,650 and Tamang: 39,457). Thus, while the necessity and utility of the earlier survey conducted and reports printed at an expenditure of ₹ 2.50 crore could not be established as yet, the subsequent survey resulted in an infructuous expenditure of ₹ 50 lakh.

The Department stated (August 2010) that the reports were submitted under the instruction of the Government and they were not intimated about the reasons for non-utilisation of the data obtained from the Socio-Economic Census. They further stated that they were also not aware about the utilisation of these data for any welfare of Limboo and Tamang communities.

LABOUR DEPARTMENT

2.9 Infructuous expenditure

The Department incurred an infructuous expenditure of ₹ 33 lakh towards the preparation of a defective and incomplete list of household child labours which included names of 30 children aged 14 years and persons aged 19 years, 20 years and 58 years.

National Child Labour Project (NCLP), a Central Plan Scheme, aims at suitably rehabilitating the children withdrawn from employment thereby reducing the incidence of child labour (working children below 14 years of age) in the project area.

In pursuance of instruction from the Planning Commission, Government of India (GOI) towards the expansion of NCLP Scheme to cover the entire country within the 11th Plan, the Union Ministry of Labour and Employment (MLE) requested (March 2007) the State Government to suggest the names of reputed and independent agencies/ institutions of Sikkim for immediately conducting an intensive child labour survey in all the districts of the State for an objective assessment of the child labour situation. The information was to be sent within the extended period of 15 May 2007.

Instead of furnishing the requisite information to the MLE, with the approval of the Chief Minister (January 2008), the Labour Department entrusted the task to Department of Economics, Statistics, Monitoring and Evaluation (DESME) at an estimated cost of ₹ 51.25 lakh. An amount of ₹ 33 lakh was drawn (March 2008) and transferred (June 2008) to DESME. While no time limit was stipulated for completion of the work, the DESME intimated (February 2009) the Labour Department about the total utilisation of ₹ 33 lakh and forwarded the provisional report about identification of 213 child labours in the State. The Department, not satisfied with the coverage and completeness of survey, asked (February 2009) the DESME to conduct a resurvey on the position of child labour in the State. While the resurvey has not been conducted (June 2010), in the absence of any supporting evidence (estimate, reasonability of rate/ remuneration, enumerators engaged, period of engagement, remuneration paid, payee's receipts, bills raised, vouchers prepared, etc.), the expenditure of ₹ 33 lakh stated to have been incurred on identification of child labours in the State could not be vouchsafed in Audit. Further, against 16,457 child labours recorded under Census 2001, identification of only 213 numbers was abysmally low as compared with the corresponding expenditure (₹ 15,493 per identification). Audit scrutiny also revealed that the list of identified child labours contained the names of only household child labours and included 30 children aged 14 years and three persons aged 19 years, 20 years and 58 years indicating total lack of knowledge of the enumerators on the subject. Further, while the expenditure on a defective survey necessitating a resurvey and having served no purpose, was an infructuous one, the response of the Department towards the directives of Planning Commission and Union Ministry was indicative of its lackadaisical approach towards the social evil of child labour in the country.

While accepting the observation, the Department stated (August 2010) that the survey work entrusted to DESME was undertaken with the approval of the Government. It was further stated that the revised report submitted by DESME had also not shown any improvement over the earlier report. Fact remained that the Department failed to identify the child labours for taking a time bound future course of action towards eradication of child labour in the State in pursuance of a national policy.

Blocking/Diversion of Fund

LAND REVENUE AND DISASTER MANAGEMENT DEPARTMENT

2.10 Improper implementation of Scheme and blocking up of fund

Despite improper and partial implementation of Land Bank Scheme intended for providing land to the landless beneficiaries, the Department continued to release fund to the district collectorates resulting in blocking up of fund of ₹ 135.21 lakh intended for providing land to 184 beneficiaries.

The State Government launched the Land Bank Scheme in 1997-98 on 13 August 1997, for providing land to the sukumbasis (landless people) for cultivation and construction of residential houses. Under the scheme, each landless beneficiary (sukumbasi) is provided with a small plot of land measuring not less than half an acre at a cost of ₹ 0.26 lakh in rural areas. The area of land to be provided was revised (2008-09) from 1,000 to 2,000 sqm and the financial implication revised from ₹ 0.53 lakh in 1999-2000 to ₹ 1.05 lakh in 2008-09. Land provided under the scheme was first to be registered and mutated in the name of the State Government and thereafter, the Department should execute a deed of settlement, in the form of a lease deed, between the State Government and the beneficiaries for a period of ninety nine years. The lessees should not transfer the leased property by way of sale or mortgage or gift or other mode of transfer, failing which the lease would be terminated and lessee evicted from possessing the land. Scrutiny of records (February 2010) revealed the following:

- Since the inception of scheme in 1997-98 to 2009-10, the Government approved and sanctioned ₹ 812.58 lakh for acquisition and distribution of land to 1,318 identified landless beneficiaries and accordingly, transferred the fund to District Collectorates (East: ₹ 197.10 lakh, South: ₹ 284.71 lakh, West: ₹ 287.72 lakh and North: ₹ 43.05 lakh) for implementation of the scheme;

- As of August 2010, against 1,318 beneficiaries identified, the District Collectorates could distribute the land to 1,134 beneficiaries (86 *per cent*) at an expenditure of ₹ 675.80 lakh. The shortfall in achievement was stated (August 2010) to be non-availability of land;

- 55 beneficiaries identified during 1997-98 and 1998-99 in respect of East district and 129 beneficiaries identified during the period 2004-05 to 2009-10 in respect of East, South and West districts were not provided the land despite availability of unspent balance of ₹ 136.78 lakh already received for the purpose;

- Despite the transferred funds remaining unutilised for the years upto 1998-99, the Department continued to transfer funds to District Collectorates without ensuring the availability of land and utilisation of funds already released;

- While during the initial years of implementation period 1997-98 to 2004-05, registration (497 cases) pertaining to East and South districts were made in the name of the Department without any settlement of lease with the beneficiaries, the subsequent registration involving 328 cases (East: 154 and South: 174 cases) were made directly in the names of beneficiaries without any amendment in the Scheme guideline and Government's order/notification thereof;
- The entire registration of 309 cases pertaining to the period 1997-98 to 2009-10 in respect of West district were made in the name of beneficiaries.

Thus, the Department failed to provide land to 14 *per cent* of the landless people involving ₹ 135.21 lakh. Further, due to absence of monitoring mechanism, the Department could not ensure proper utilisation of land even to those beneficiaries to whom land have been distributed. Besides, ₹ 1.37 crore was also locked up in the process.

The matter was reported to the Government/Department (April 2010); their reply was awaited (October 2010).

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

2.11 Irregular diversion of works contingency

Incurring expenditure of work contingency, in contravention of codal provision, resulted in diversion of ₹ 44 lakh.

In terms of Paragraphs 191 and 192 of the Sikkim Public Works Code, the items of expenditure to be met out of the provision against contingencies are (i) employment of watchman to guard material at site and tools and plant belonging to Government, temporary sheds and amenities provided to workers in the case of departmental works; (ii) unforeseen items of work; and (iii) expenses due to increase in rates.

Under Rural Infrastructure Development Fund (RIDF XIV), financed by NABARD, the Human Resource Development Department (HRDD) executed the work "Construction of Government Degree College at Rungdung, East" at an estimated cost of ₹ 15.57 crore which included a provision for contingency of ₹ 46.49 lakh. The work relating to construction of buildings was awarded (February 2009), after invitation of tender, to the lowest bidder at 10 *per cent* below the estimated cost with stipulation to complete within 24 months. Accordingly, work commenced in February 2009 and ₹ 56.67 lakh was incurred as of March 2010.

Scrutiny of records revealed (March 2010) that an expenditure of ₹ 44 lakh out of the contingency provision of ₹ 46.49 lakh was irregularly incurred on repair of vehicles, purchase of vehicle, purchase of computers and accessories, payment of salaries/ wages/ allowances of work charged and muster roll employees involved in various maintenance/ other official activities of the Department not connected with the work. This resulted in an irregular diversion of ₹ 44 lakh from the provision made under works contingency.

The matter was reported to the Department/Government (July 2010); their reply was awaited (October 2010).

General

CIVIL DEPARTMENTS

2.12 Outstanding Inspection Reports

1,583 paragraphs included in 665 Inspection Reports in respect of Civil Departments and 180 paragraphs included in 67 Inspection Reports in respect of Autonomous Bodies issued upto 2009-10 were pending settlement as of March 2010.

Audit Committee Meetings were being held on a regular basis to settle the outstanding audit paragraphs. Six Audit Committee Meetings were held during 2009-10 wherein 43 Inspection Reports and 174 paragraphs were discussed out of which 67 paragraphs were settled.

2.13 Follow up action on earlier Audit Reports

The reports of the Comptroller and Auditor General of India are presented to the State Legislature and stand referred to the Public Accounts Committee (PAC). The Government departments are to submit *suo moto* Action Taken Notes on all Audit paragraphs, Performance Audits and comments on State Finances to the PAC. The PAC discusses the paragraphs/Performance Audits/comments on State Finances through detailed examination after which a report containing their observations and recommendations is presented to the Vidhan Sabha.

As at the end of 2009-10, Audit Reports for the period upto the year 2006-07 were discussed and recommendations made and Audit Report 2007-08 was under discussion.