

## CHAPTER IV

### AUDIT OF TRANSACTIONS

#### 4.1 Excess/extra expenditure

#### ANIMAL HUSBANDRY, LIVESTOCK, FISHERIES & VETERINARY SERVICES DEPARTMENT

##### 4.1.1 Excess expenditure on procurement of animal feed

##### Failure of the Department to procure feed at cheaper rate resulted in excess expenditure of Rs.10.72 lakh.

The Animal Husbandry, Livestock, Fisheries & Veterinary Services Department used to meet its requirement of feed from Siliguri based manufacturers, *e.g.* West Bengal Dairy and Poultry Co-operation and Himalayan Co-operative Milk Producers' Union Ltd. (HIMUL) till 1995-96. Thereafter, since 1996-97, on consideration of the fact that the rates offered by the Sikkim State Co-operative Supply and Marketing Federation Ltd. (SIMFED) were almost comparable, requirement of feed was being met through SIMFED. Audit scrutiny revealed (August 2004) that the rates charged by SIMFED over the period of time were progressively increasing. Further, the Sikkim Milk Union (SMU) under the Government was meeting its feed requirement from HIMUL, Siliguri at a more economical rate.

Cross check of rates offered by HIMUL, a Government of West Bengal Undertaking engaged in the manufacture of cattle feed revealed (August 2004) that the rates offered by HIMUL were less by Rs.0.91/kg to Rs.4.57/kg. As per Department's own perceptions, the quality of feed supplied by HIMUL was superior compared to the feed supplied by SIMFED. Besides, the supply of feed by SIMFED was erratic and practically starving the animals in the departmental farms.

In spite of the inferior quality of feed, erratic supply and, above all, higher rates than that of HIMUL, the Department continued to procure feed from SIMFED and ended up incurring an extra expenditure of Rs. 10.72 lakh on purchase of 310.73 MT of feed at a total cost of Rs.27.66 lakh during 2002-03 to 2004-05 (August 2004).

Thus, the Department by continuing to procure feed from SIMFED at a higher rate without cross-checking the reasonableness of rates, incurred excess

expenditure of Rs. 10.72 lakh on procurement of feed and also failed to ensure uninterrupted supply of quality feed to the animals.

In reply, the Department stated (August 2005) that the work of procurement of animal feed was entrusted to SIMFED in view of Government directive (December 2002) and further added that the matter would be taken up with the Government to allow them to procure feed directly from the manufacturer. The reply is factually incorrect as the Department entrusted the work of procurement of feed to SIMFED from 1996-97 much before the Government order (December 2002) because at that time the rates were almost comparable.

## COMMERCE AND INDUSTRIES DEPARTMENT

### 4.1.2 Excess expenditure on purchase of yarn

**Purchase of woollen and cotton yarn for Swarojgari Udyog Yojana at higher rate and in excess of requirement of cotton yarn led to excess expenditure of Rs. 42.08 lakh.**

Government of Sikkim launched (2002-03) 'Swarojgari Udyog Yojana' through Department of Commerce and Industries with the objective of providing support to the unemployed artisans trained in various skills to set up self-employment ventures. The scheme envisaged an incentive package amounting to Rs. 25,000 per beneficiary comprising cash component of Rs. 5,000 and equipments and raw materials worth Rs. 20,000.

Carpet weaving was one of the trades under the scheme for which the Department procured 6,365 kg. (3,440 + 2,925) each of woollen and cotton yarn from SIMFED during 2002-03 and 2003-04 at the rate of Rs. 788.10/kg and Rs. 663.78/kg for woollen and Rs. 299.70/kg and Rs. 255.30/kg for cotton. This amounted to Rs. 46.53<sup>1</sup> lakh and Rs. 17.78<sup>2</sup> lakh for woollen and cotton yarn respectively. The rates were inclusive of 3 per cent commission to SIMFED and 8 per cent Sales Tax.

Test check of records (April 2004) at the Directorate of Handloom and Handicraft (DHH), under the administrative control of the Department and engaged in commercial production of renowned quality carpets, revealed that the DHH had purchased woollen and cotton yarn during 2002-03 and 2003-04 from Tibetan Woollen Yarn Centre (TWYC), Panipat and a local firm, at rates lower than SIMFED's by Rs. 145.30/kg. to Rs.189.70/kg. for cotton and Rs. 413.78/kg. to Rs. 558.10/kg. for woollen yarn. This resulted in excess expenditure of Rs. 42.08 lakh by the Department as detailed below:

<sup>1</sup> (Rs.27.11 + Rs.19.42) = Rs. 46.53 lakh

<sup>2</sup> (Rs.10.31 + Rs.7.47) = Rs. 17.78 lakh

Table -4.1

Year	Item	Quantity (in Kg)	Value (in Rupees)	Rate ( in Rupees)		Difference (Rs./Kg)	Amount (In Rs.)
				Paid	Available with TWYC/Local firm		
2002-03	Woollen yarn	3,440	27,11,064	788.10	230.00	558.10	19,19,864
	Cotton yarn	3,440	10,30,968	299.70	110.00	189.70	6,52,568
2003-04	Woollen yarn	2,925	19,41,556	663.78	250.00	413.78	12,10,307
	Cotton yarn	2,925	7,46,753	255.30	110.00	145.30	4,25,003
<b>Total</b>							<b>42,07,742</b>

Further, it was also noticed that though the average requirement ratio of cotton yarn to woollen yarn for carpet weaving was 2:6.5, the Department procured 6,365 kg. of cotton yarn during 2002-03 and 2003-04, as against the requirement of 1,958 kg, resulting in extra procurement of 4,407 kg. of cotton yarn, amounting to Rs. 12.31 lakh<sup>3</sup>. Had the Department procured the appropriate quantity of cotton yarn, extra expenditure of Rs.12.31 lakh could have been fruitfully utilised for supply of other essential items or in covering an additional 49 beneficiaries.

While the Department did not furnish any explanation for procurement of cotton yarn in excess of requirement it stated (April 2005) that yarn procured by DHH was of ordinary quality as those were meant for the trainees and, thus, the rates were not comparable. Reply of the Department was not acceptable as the difference in rates as calculated in audit was taken for the superior quality *i.e.* 60's counts 100 per cent New Zealand wool and 6/6 ply of cotton yarn which were similar to the quality procured by the Department for distribution to the beneficiaries under Swarogari Udyog Yojana.

## RURAL MANAGEMENT AND DEVELOPMENT DEPARTMENT

### 4.1.3 Excess expenditure due to defective preparation of estimate

**Casual approach in framing estimates for "Creation of Model Village in Sikkim" resulted in excess expenditure of Rs. 2.29 crore, on account of wrong calculation and excess assessment of requirement of wood, payment of higher rate, etc.**

The Government approved (June 2002) a scheme for construction of 950 houses in 30 assembly constituencies at Rs. 3 lakh per house under the "Model Village Programme - Rural Housing Scheme". The Department arrived at the estimate of Rs. 3 lakh per house on the basis of analysis of rates prepared by the departmental engineers adopting the schedule of rates for 1997. The works were awarded (November 2002) to the contractors nominated by the respective area MLAs on

<sup>3</sup> 2002-03: Procured 3,440 kg. (-) Requirement 1,058 kg.  $(3,440 / 6.5 \times 2) = \text{Excess } 2,382 \text{ Kg} \times \text{Rs. } 299.70 = \text{Rs } 7,13,885$   
 2003-04: Procured 2,925 kg (-) Requirement 900 kg.  $(2,925 / 6.5 \times 2) = \text{Excess } 2,025 \text{ Kg} \times \text{Rs } 255.30 = \text{Rs } 5,16,982$   
 Total Excess Expenditure Rs. 12,30,867

fixed time and fixed cost principle with the stipulation to complete the work within 12 months. The works, commenced in November 2002, were completed between November 2003 and March 2005.

Scrutiny of estimate revealed (October 2004) following errors in framing the estimate resulting in excess expenditure of Rs.2.29 crore.

- As against the requirement of 27 sft. (3.38 cft) of *salwood* for panel door frames, the Department allowed 31.50 sft. (3.94 cft) resulting in excess quantity of 4.50 sft.(0.56 cft.) per house. Similarly, in the case of raching plate, truss and frame and truss ceiling, the Department allowed 139.50 rft. (11.63 cft) of *salwood* and 14 rft. (0.19 cft) of *lampatey* timber against the actual requirement of 96 rft. (8 cft) and 9 rft. (0.12 cft) resulting in excess of 43.50 rft.(3.63 cft.) and 5 rft (0.07 cft.) respectively. The error in working out the requirements resulted in excess expenditure of Rs. 43.47 lakh at Rs. 4,575.95 per house taking into consideration 5 per cent wastage and cost of labour allowed on this extra quantity.
- The rate of *salwood* was taken as Rs.774/cft. instead of the prevailing market rate (June 2002) of Rs. 640/cft., resulting in excess expenditure of Rs. 16,733<sup>4</sup> per house aggregating to Rs. 1.59 crore for the scheme. (Rs. 16,733 X 950 houses).
- The requirement of wood for 39 mm. thick panelled doors was worked out by taking the height of the door as 9 ft. for door 1 and 8 ft. for door 2 and 3, which was unusually high, especially in view of the type of house having a plinth height of 10' 8". Taking the height of all doors as 7 ft., which is widely prevailing in the area, the requirement of wood worked out to 94.50 sft<sup>5</sup>. per house as against the estimated quantity of 115.50 sft. This resulted in excess allowance of 21 sft. (2.625 cft.) of *salwood* per house resulting in excess expenditure of Rs. 27.02 lakh. (950 houses X Rs. 2,844.45 per house).

Thus, preparation of the estimates in an unprofessional manner by the Department led to avoidable excess expenditure of Rs. 2.29 crore to Government and undue favour to the contractors.

The matter was referred to the Government (May 2005); reply was not received till October 2005.

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<sup>4</sup> *Salwood* requirement as per estimate (124.87 cft.) X rate difference (Rs. 134/cft.)= Rs.16,733.

<sup>5</sup> D1:1X3'-0"X 7'-0"=21.00 sft; D2:1X3'-0"X7'-0"=21.00 sft; D3:3X2'-6"X7'-0"=52.50 sft; Total = 94.50 sft

**4.2 Loss of Government money****ENERGY AND POWER DEPARTMENT****4.2.1 Loss to the Government**

**Hasty decision of the Government to enter into an agreement with a foreign based Non-Government Organisation (NGO) to sell the land and assets of Rathongchu Hydel Project without considering the legality and security aspect ultimately led to loss of Rs. 19.22 lakh.**

The Rathongchu Hydel Project (RHP), Yuksom, West Sikkim was taken up (January 1993) by the State Government at an estimated cost of Rs. 71.19 crore. The work commenced during early 1994 after obtaining clearance from the Central Electricity Authority. Considering the stiff resistance from local people on the plea of environmental hazards, destruction of historical, religious and cultural heritage sites and large scale demographic changes, the State Government ordered (September 1997) for closure of the project after incurring Rs. 4.79 crore towards acquisition of land, construction of office-cum-housing complex and other infrastructural works.

Subsequently, based on the proposal submitted (November 2000) by the Principal Secretary, Finance Department, State Government approved (November 2000) the sale of a portion of the abandoned Rathongchu Hydel Project, including land, buildings, out houses etc., to a foreign based Non-Government Organisation (NGO), *i.e.*, 'Humana People to People India' (HPPI) for establishing a school for training of development instructors both from within and outside the country for Rs. 4.60 crore. The amount was payable by HPPI in 40 equal annual instalments of Rs. 11.50 lakh each. Accordingly, the HPPI paid Rs. 11.50 lakh (March 2001) to the State Government as first instalment.

According to the conditions of sale, State Government was to arrange for clearance from the Union Government and the Reserve Bank of India for the sale of property, grant necessary permission for the purchase of property as required under the State laws and render all necessary help and assistance to the HPPI in fulfillment of its objectives. While dealing with the matter, Government of India and the Governor's office questioned (December 2002) the legality of the deal with a foreign based NGO on security issues related to the strategic location of Sikkim. The State Government decided (June 2003) to cancel the agreement for sale of land and property to the HPPI. Consequently, the HPPI claimed a compensation of Rs. 42.50 lakh towards expenditure for loss and damage caused by breach of agreement including the first instalment (Rs. 11.50 lakh). Though the agreement did not contain any provision for payment of compensation for breach of any kind, Rs. 19.22 lakh was paid (February 2004) to HPPI by Power

Department towards compensation besides refund of first instalment of Rs. 11.50 lakh (November 2003).

Thus, the decision of the Government to sell the property to a foreign based NGO without considering the legality and the security aspect of the deal was hasty and injudicious resulting in loss of Rs. 19.22 lakh to the Government.

The matter was reported to the Government (June 2005); no reply was received.

### 4.3 Irregular Expenditure

#### POLICE DEPARTMENT

#### 4.3.1 Irregular expenditure

**The Department purchased equipment amounting to Rs. 76.64 lakh which were beyond the ambit of guidelines from the Eleventh Finance Commission.**

For upgradation of Police Administration for the five years 2001 to 2005, the Eleventh Finance Commission (EFC) provided Rs. 3 crore for various components like Police station building, Mobile Forensic Science Laboratories (FSL), Equipment for FSL, Equipment and weapons for Police force etc.

The EFC, *inter alia*, provided Rs. 1.08 crore for the upgradation of the existing FSL (Rs. 53 lakh) and purchase of equipments (Rs. 55 lakh) for the Police. The following specific items were approved by EFC for procurement under these grants.

#### Equipment for FSLs

Table-4.2

(Rupees in lakh)

Sl. No.	Items	Cost
1	High performance thin layer chromatography machine	15.00
2	Ultra-violet visible spectro-photometer	5.00
3	Gas-chromatography head space	15.00
4	Atomic absorption spectro-photometer	10.00
5	Portable video-spectral comparator	8.00
	<b>Total</b>	<b>53.00</b>

#### Equipment for the police

Table-4.3

(Rupees in lakh)

Sl. No.	Items	Cost
1	Explosive detector	11.00
2	Night vision devices	30.00
3	Polygraph machines	4.00
4	Deep search mine/metal detectors	1.00
5	Bomb disposal equipment	9.00
	<b>Total</b>	<b>55.00</b>

Audit scrutiny (June 2004) revealed that the Department purchased (January 2003) one set of ZEN Interactive Firearm Training Simulator for Rs. 48.28 lakh under FSL and certain other equipment for Rs. 28.36 lakh which were not approved by the EFC. The Department deviated from the specific sanction of EFC on the basis of revised action plan approved (March 2003) by the State Level Empowered Committee (SLEC). This resulted in unauthorised utilisation of Rs.76.64 lakh.

In reply, Government stated (July 2005) that the action plan was revised by SLEC with a view to utilise the funds more judiciously on actual need basis which was permissible as per EFC guideline vide para-7.53. The reply was not tenable as the SLEC was empowered to propose action plan and sanction in respect of components for which no specific items and cost were contemplated in the sanction of EFC. Thus, Central grant of Rs. 76.64 lakh was unauthorisedly utilised for purchase of equipment which were beyond the ambit of the guidelines.

#### 4.4 Undue benefits

### TOURISM DEPARTMENT AND ENERGY & POWER DEPARTMENT

#### 4.4.1 Undue benefit to contractors on payment of mobilisation advance and loss of interest

**Inspite of the PAC's recommendation to the contrary and without any provision in the Sikkim Public Works Code, two departments granted mobilisation advances of Rs. 2.31 crore to the contractors which was irregular and led to undue favour to the contractors.**

There is no provision in the Sikkim Public Works (SPW) Code or Sikkim Financial Rules (SFR) for payment of mobilisation advance to contractors before or after commencement of work.

Mention was made in Audit Report 1997-98 (para 4.1) and Audit Report 2001-02 (para 4.4) regarding irregular payment of mobilisation advances of Rs.1.32 crore and Rs.2.09 crore to the contractors by the Building & Housing and Energy & Power Departments respectively resulting in loss of interest to the Government. The PAC in its 40<sup>th</sup> report (2001-02) did not make any recommendation in consideration of the Department's assurance that the mobilisation advances had since been totally stopped. However, while dealing with Audit Report 2001-02 the PAC in its 56<sup>th</sup> report recommended (March 2004) that the practice should be discouraged completely in future as there were no such provisions in the SPW Code or the SFR for payment of such advances.

Audit observed (October 2004) that the Tourism Department released (March 2004) mobilisation advance of Rs.1.22 crore to the contractor, M/s Damodar Ropeway Construction Company, Kolkata (DRCC) in connection with execution of work 'Installation of Detachable Mono-Cable Passenger Ropeway System between PWD Dakbanglaw and Samdruptse Hill at Namchi', South Sikkim without drawing up any agreements.

In reply to audit query, the Tourism Department stated (January 2005) that the mobilisation advance (Rs.1.22 crore) at the rate of 10 *per cent* of the value of indigenous portion of supply (Rs.12.20 crore) was granted to DRCC on the basis of terms of payment stated in the commercial bid of the contractor which was accepted by the Government. The reply was not tenable in view of PAC direction (March 2004) and absence of any provision in the rules. Further, neither was the mandatory agreement entered into between the State Government and the DRCC nor the work commenced till date (March 2005).

Similarly, Power Department paid (May 2004) mobilisation advances of Rs.1.09 crore to two contractors engaged in the works 'Construction of office building including approach road at Pakyong' and 'Supply, erection, testing and commissioning of 66 KV transmission line from Mamring to Khamdong' based on the terms and conditions drawn with the contractor which, *inter-alia*, provided that: "25 *per cent* value of the Work Order will be released as interest free advance against production of equivalent amount of Bank Guarantee from any Nationalised Bank/ Scheduled Bank after signing the contract agreement."

Action of the Power Department to insert terms and conditions relating to payment of mobilisation advances was irregular and against the categorical direction of the PAC to discourage such practice of granting mobilisation advance.

The payment of mobilisation advances, in disregard of the PAC direction led to undue favour to the contractors besides loss of interest of Rs.7.22 lakh to the Government.



**4.5 Wasteful /Infructuous Expenditure****ANIMAL HUSBANDRY, LIVESTOCK, FISHERIES & VETERINARY SERVICES DEPARTMENT****4.5.1 Wasteful expenditure on deployment of staff**

**The Department incurred wasteful expenditure of Rs.24.65 lakh on pay and allowances of 44 employees engaged in three animal farms having no animals. Besides, infrastructure worth Rs. 52 lakh remained idle.**

Animal Husbandry, Livestock, Fisheries & Veterinary Services Department (AHLF&VS) maintains a number of farms for rearing of animals, of which the following three farms are under the administrative control of East and South districts. Details of area, infrastructure available, manpower deployed and expenditure on manpower etc. during the last five years by each of the farms are given below:

**Table-4.4***(Rupees in lakh)*

Farm/ Area in acres	Purpose of establishment	Manpower deployed		Infrastructure	
		No.	Expd.	Particulars	Cost
Chujachen, East 17.29 acre	Heifer raising farm	14	6.39	Poultry shed, cattle shed, quarter and office building	26.50
Ravangla, South 19 acre	Heifer raising farm	23	12.78	Office building, quarter and bull shed	14.50
Ralang, South 4.5 acre	Piggery raising farm	07	5.48	Office building and piggery shed	11.00
<b>40.79 acres</b>		<b>44</b>	<b>24.65</b>		<b>52.00</b>

Audit noticed (August 2004) that none of the three animal farms had any animals since 1999-2000, but the Department continued to deploy employees in these farms. Thus, due to non utilisation of their services profitably, the expenditure of Rs. 24.65 lakh incurred on their pay and allowances during the last five years proved infructuous. The infrastructure available in these farms (Rs. 52 lakh) also remained unutilised.

In reply, the AHLF&VS stated (February 2005) that (i) Chujachen farm would be utilised as Backyard Poultry without further delay, (ii) Ravangla farm had started rearing cross-bred heifers and reared 10 heifers, and, (iii) Ralang farm was proposed to be used for rearing bulls/calves after its handing over to Sikkim Livestock Development Board.

While the Department stated that it had initiated alternative activities for Ravangla farm as late as February 2004 the other two farms (Chujachen and Ralang) were not utilised for the purpose for which these were established,

rendering the expenditure on pay and allowances of staff for the last five years wasteful.

#### 4.5.2 Infructuous expenditure

**Involvement of a private company for implementation of the scheme, despite having sufficient infrastructure within the Department led to extra expenditure of Rs.15.16 lakh and non-achievement of the desired results even after spending Rs.38.37 lakh.**

Government of India implemented a scheme of 'Support for training and employment programme for women' (STEP) under which voluntary organisations registered under Societies Acts were given financial assistance to the extent of 90 per cent as grant. The Animal Husbandry, Livestock, Fisheries and Veterinary Services Department (AHLF&VSD) requested (October 2001) Government of India to sanction the project in favour of M/s Lotus Associates, a private company, which was not agreed to as M/s Lotus Associates was not a voluntary organisation. The Department again requested (November 2001) Government of India for sanction of the project in collaboration with M/s Lotus Associates to be implemented under the aegis of Sikkim Livestock Processing and Development Corporation (SLPDC), an undertaking of AHLF&VSD. The proposal was approved (December 2001) by Government of India. The scheme stipulated coverage of 1,000 beneficiaries in nine cluster villages<sup>6</sup> of North and East districts of Sikkim at a cost of Rs. 90 lakh, of which Rs. 10 lakh was to be borne by the State Government. The project was to be completed within a period of two years and evaluation report carried out by an independent agency was to be sent to Government of India after completion. Government of India released (March 2002) Rs. 39.43 lakh towards its share for the first year of implementation.

After inviting tender (July 2002) for supply of Angora rabbits, cages and feed, the SLPDC placed orders (July 2002) on M/s Lotus Associates and paid<sup>7</sup> Rs. 31.35 lakh towards supply. A sum of Rs. 7.02 lakh was paid (April 2003) towards cost of training.

Audit scrutiny (August 2004) revealed that:

- The Department unduly favoured M/s Lotus Associates, a private company inspite of restriction imposed by the Government of India under the guise of implementation of scheme by SLPDC, which was defunct since 1994 and not having any manpower except Managing Director.
- Despite availability of Angora rabbits in the Government run Rabum farm, adequate manpower, technology, infrastructure, etc., Department chose to implement this scheme through a private company. In the process, Government incurred extra expenditure of Rs. 8.40 lakh<sup>8</sup> on the purchase

<sup>6</sup> Penlong, Pangthang, Lindok, Kabi, Bakcha, Ranka, Rumtek, Assam Lingzey and Pakyong.

<sup>7</sup> July 2002: Rs.15 lakh, August 2002: Rs. 3.35 lakh and January 2003: Rs.13 lakh

<sup>8</sup> Rs. 1,000- Rs. 300/- (1,200 rabbit) = Rs.8,40,000/-

of rabbits at the rate of Rs.1,000/- per rabbit inspite of availability at Rs.300/- per rabbit in the Rabum farm. Similarly, Rs.7.02 lakh was paid to M/s Lotus towards training, as against the actual requirement of Rs. 0.26 lakh<sup>9</sup> for 30 persons actually trained against the target of 1,000 persons resulting in excess payment of Rs.6.76 lakh.

- Production of wool etc., as envisaged in the project, was neither shown by the 30 beneficiaries nor marketed by the M/s Lotus, the sole purpose for which M/s Lotus was associated in the implementation of the project by the Department.

Thus, inappropriate handling of the project right from its inception not only led to non-fulfillment of intended objectives even after a lapse of three years of sanction of the project and incurring expenditure of Rs. 38.37 lakh but also entailed an extra expenditure of Rs. 15.16 lakh.

The matter was referred to the Government (June 2005); reply was not received till October 2005.

## ENERGY & POWER DEPARTMENT

### 4.5.3 Wasteful expenditure

**Power Department incurred wasteful expenditure of Rs. 4.06 crore in providing power lines to a factory at Government cost as the factory closed down their operations after a short while without paying the energy charges of Rs.87 lakh.**

The Government decided (July 1997) to provide dedicated High Tension (HT) power lines at Government cost to M/s Sikkim Alloys and Carbide Ltd., Setipool, East Sikkim, in order to promote heavy industries in Sikkim. Government took this decision on the plea that the Government could realise Rs. 3 crore per annum as energy charges. An agreement was signed (February 1998) providing for tariff comprising contract demand @ Rs. 80 per KVA of the plant capacity per month and energy charges @ Re.1 per KWH effective for five years from the date of providing supply. When the proposals for financial sanction for the work were moved (November 1997) the Finance Department opined that it might not be economical to import power, sustain transmission and distribution loss and distribute power at an un-remunerative rate. The Finance Department also warned that similar infrastructure created in the past for meeting the demand of local industries did not yield desired results; the most noticeable case being Sikkim Vanaspathi Ltd. which was operational for a short period of time and the Power Department ended up in chasing irrecoverable dues from this defunct unit. Notwithstanding the genuine reservations expressed by the Finance Department,

<sup>9</sup> 30 beneficiaries X Rs.125/day X 7 days = Rs.26,250/-

Power Department decided to construct (April 1998) one extension bay at Lower Lagyap Hydel Project (LLHP) 66 KV switchyard for installation of one 7.5 MVA sub-station *i.e.* one DC 11 KV transmission line upto Sikkim Alloys and Carbide Unit, Setipool at a total cost of Rs.4.06 crore.

Before commencement of the above work, the Department constructed low tension (LT) heavy duty line with specific transformers at the factory premises at a total cost of Rs. 48.95 lakh.

The construction of HT line works, commenced in April 1998 could not be completed before the agreed date *i.e.* July 1998 due to financial constraints and want of clearance from Forest Department. The work was completed and supply of power commenced in September 2000 to M/s Sikkim Alloys and Carbide Ltd.

Audit scrutiny revealed (December 2004) that M/s Sikkim Alloys and Carbide Ltd. did not draw power after the commencement of the HT supply in September 2000 and, thereafter, closed down their operations. During the period of operation with LT heavy duty supply, the firm did not pay the energy charges amounting to Rs. 87 lakh as on 31 March 2001. Thus, the infrastructure provided to the factory at Government cost (Rs. 4.06 crore) proved wasteful without generating any revenue to the Government as envisaged.

The Department replied (April 2005) that the whereabouts of the owners of the firm were not traceable. In their further reply (August 2005) the Department stated that the infrastructure created for their unit has been utilised for providing supply to the public in the nearby areas. This could not be vouchsafed in audit in the absence of supporting details for the same.

Thus, the investment made for providing supply lines, transformer etc. to the unit at a total cost of Rs. 4.06 crore with a view to augment the Government revenue proved wasteful.

**FOREST & ENVIRONMENT MANAGEMENT  
DEPARTMENT AND RURAL MANAGEMENT &  
DEVELOPMENT DEPARTMENT**

**4.5.4 Infertuous expenditure**

**Planks and rafters worth Rs. 23.84 lakh procured by Forest Department for supply to Rural Management and Development Department (RMDD) was rejected by RMDD resulting in infertuous expenditure.**

The State Government sanctioned (June 2002) construction of 950 houses in 30 Assembly constituencies, under the "Model Village Programme - Rural Housing Scheme". The Government decided (June 2002) to execute these model village works through nominee contractor of the respective constituency at a cost of Rs.3 lakh each. In order to ensure the use of good quality materials in the construction

of these model houses, the Department, with the approval of the Cabinet, decided (June 2002) to procure 1.09 lakh cft. of timber comprising various sizes of beams, rafters, planks etc. from the Forest Department and supply the same to the contractors for executing the works.

Based on the requisition of user Department *i.e.* Rural Management and Development Department (June 2002), the Forest Department, after inviting quotations from various suppliers, placed orders on M/s Mitra Timbers and M/s B.K.Agrawal for supply of timber to RMDD. Based on the quotations, the Forest Department issued (June 2002) a Proforma Invoice<sup>10</sup> for Rs.7.10 crore to RMDD and requested (June 2002) for advance of Rs.1 crore. The RMDD paid (September 2002) Rs.25 lakh as advance against which the Forest Department procured beams, planks etc. for Rs.23.84 lakh and supplied (October 2002) to RMDD to the tune of Rs.13.03 lakh leaving the balance quantity in the Forest godowns at Deorali.

After receipt of the stock, the RMDD noticed that the planks, beams etc. were below the specifications and were under-sized, getting warped and developing cracks during storage. This deformation occurred due to supply of unseasoned timber obtained from thinning process of new afforestation area. Ultimately, these beams, planks etc. were rejected (October 2004) and the RMDD asked the Forest Department to refund the advance.

To an audit query, the Forest Department stated (March 2005) that timber items worth Rs.13 lakh would not be taken back while the remaining stock (Rs.10.84 lakh) with the Forest Department would be disposed of. Thus, the expenditure of Rs.23.84 lakh incurred for the procurement of unsuitable beams, planks, etc. of inferior quality was rendered infructuous.

In reply, RMDD stated (May 2005) that timbers were rejected as the same were not as per the specification. The advance of Rs. 25 lakh released to the Forest Department would be adjusted against land compensation and royalties payment due to the Forest Department. Reply of the Department further reinforced audit contention that the expenditure incurred on timber by Forest Department was infructuous. Subsequently in August 2005, Forest Department stated that both the departments (RMDD & Forest) had since agreed to come to a negotiable term and a committee had been formed to physically verify the timber and resolve the issue. However, as of October 2005, no concrete action was taken in this direction.

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<sup>10</sup> PI no- 81/UD, 82/UD 24.06.2002 with Salwood @ Rs 640/- per cft and Local wood @ Rs 450/- per cft amounting to Rs. 7,09,80,589/-.

## HOME DEPARTMENT

### 4.5.5 Infertuous expenditure on purchase of bulletproof vehicle

**Failure of the Department to ascertain the utility of a bulletproof vehicle before procurement led to infertuous expenditure of Rs.11.56 lakh on its purchase as the vehicle was never used after purchase.**

In order to strengthen the security of the Chief Minister of Sikkim, the Department purchased (February 2002) a bulletproof Gypsy (Maruti) from the Andhra Pradesh based ordnance factory (under Ministry of Defence) at a total cost of Rs.11.56 lakh including accessories. This bulletproof Maruti Gypsy King vehicle was purchased in addition to a bulletproof Ambassador car to provide security cover to the Chief Minister in difficult areas where the Ambassador car could not be used. However, the vehicle was not put to use since the date of purchase on the plea of its uncomfortable seating arrangement and reduced pulling power owing to additional weight of accessories attached for bulletproofing.

The guidelines prescribed by the Ministry of Home Affairs, Government of India, did not provide any freedom to Government in deciding the design of the vehicle, quality assurance etc. all of which were laid down by the Bureau of Police Research & Development (BPR&D) only. The terrain of Sikkim was not considered prior to placement of order with the ordnance factory. The vehicle was designed more on the pattern of an armoured vehicle used in Jammu and Kashmir and other militant affected areas where the road gradient was gentler compared to that of Sikkim. The possibility of modification/removal of defects, if any, was also not kept in mind at the time of delivery of the vehicle.

After this was pointed out in audit, the Department stated (February 2005) that State Government had decided to auction the vehicle through Resident Commissioner, Sikkim House, New Delhi for which final action is yet to take place.

Thus, the expenditure of Rs.11.56 lakh incurred for the purchase of the bulletproof vehicle and accessories proved to be infertuous as the vehicle could not be utilised till date for providing security cover to the Chief Minister in difficult areas as envisaged.

**4.6 Blocking of funds/Idle investment****ENERGY AND POWER DEPARTMENT****4.6.1 Idle investment on procurement and installation of Diesel Generating set**

**Failure on the part of the Department to get the Diesel Generating set replaced or repaired by the original supplier resulted in non yielding of value for money on the investment of Rs. 1.27 crore for more than five years.**

Four Cummins Diesel Generating (DG) sets were purchased and commissioned (March 1998) at a cost of Rs. 5.06 crore through M/s Genset India (P) Ltd., Kolkata for generation of additional power to meet the winter demand of the State capital, maintaining power supply to the Capital in case of failure of the hydel grid, etc. According to the terms and conditions, the engines were guaranteed for two years from the date of commissioning or 5,000 running hours, whichever was earlier.

Scrutiny of records revealed (March 2005) that one DG set went out of order (December 1999) after working for 916 hours due to short circuit and burning in 11 KV panel and defective cooling tower. The Department addressed the supplier in December 1999 for repairing the control panel etc. as the Siliguri based local agent of the supplier expressed his inability to rectify the defects. But there was no response from the supplier. In October 2002, M/s S.R. Diesels, the authorised service dealer for Cummins Diesel Sales and Services (India) Ltd. inspected the set and reiterated the defects already noticed. Again, in another inspection (July 2003), M/s Himalayan Services, Siliguri confirmed that the engine was not in working condition and required replacement of several parts owing to it being idle for more than five years. Though the DG set went out of order within the validity period of guarantee *i.e.*, within two years and also after running 916 hours of working only, the Department did not initiate concrete action to get the DG set replaced or repaired by the original supplier.

Thus, owing to failure of the Department to get the DG set replaced or repaired immediately, the investment of Rs.1.27 crore made on procurement and installation of the set did not yield value for money as it was lying idle for more than five years.

In reply (February 2005), while accepting the delay in repair, the Department stated that consistent efforts to repair the DG set did not fructify due to various technical faults in the set. They further added that paucity of funds was one of the reasons for the delay in repair and informed that the correspondence was still continuing with the authorised dealer to make the machine operational. The reply

of the Department is not tenable as no concrete steps were taken to get the engine replaced/repared despite four inspections (December 1999, September 2002, October 2002 and July 2003) carried out by the service engineers between December 1999 and December 2004. Further, the Department had not even once prepared the estimate for repairing the DG set and placed before the higher authority for approval.

## TOURISM DEPARTMENT

### 4.6.2 Inordinate delay in execution of work

**Lackadaisical approach of the Tourism Department in implementing Centrally sponsored scheme led to loss of Central funds of Rs.23.88 lakh to the State and blocking of Rs.17.75 lakh for more than eight years.**

The Tourism Department, Government of Sikkim, submitted proposals to the Ministry of Tourism (MOT), Government of India, during August 1991 (two works) and July 1992 (one work), viz., construction of tourist lodge at Makha, construction of wayside amenities (WSA) at Rhenock (subsequently shifted to Sirwani) and tourist resort at Dongeythang. The Government of India sanctioned the three projects during October 1991 (Rs.30.50 lakh), October 1991 (Rs.16.03 lakh) and December 1992 (Rs.5.10 lakh) at a total cost of Rs.51.63 lakh with Central assistance of Rs.41.63 lakh.

While sanctioning the projects, the Government of India specified that the projects should be completed within a year from the date of sanctions and the funds utilised only for the approved works. The Government of India released the first instalments of the three works aggregating Rs.17.75 lakh during October 1991 (Rs.5 lakh), October 1991 (Rs.10.25 lakh) and December 1992 (Rs.2.50 lakh).

However, the Department commenced the works between September 2000 (two works) and January 2003 (one work) primarily due to (i) indecision on the part of the Department in selecting the sites, (ii) delay in obtaining forest clearance, and, (iii) delay in land acquisition.

Audit scrutiny (August 2004) revealed that the works taken up by the Department were either entirely different from the works sanctioned originally by the Government of India or the scope and value of the work were substantially altered. In place of construction of tourist resort at Dongeythang (Rs.16.03 lakh), a view point and toilet was constructed (Rs.4.99 lakh in November 2003) and the scope of work of construction of tourist lodge at Makha originally projected at Rs.30.50 lakh was curtailed and completed and commissioned at Rs.15.06 lakh (August 2002). The work at Sirwani was completed at Rs.12.99 lakh (August 2004). The Department did not obtain the approval of Government of India for these deviations from the original projects. Further, in terms of decision of Government of India (September 1997), the projects pertaining to VII plan (1987-



92) and VIII Plan (1992-97) were to be completed by December 1997 and June 1998 respectively and the balance funds for the projects sanctioned would not be released by Government of India. The expenditure for completion of these projects would have to be borne by the State Government.

The Department, while accepting the fact, stated (February 2005) that the construction of tourist lodge/resort and wayside amenities in various places in the State had since been completed at Rs.33.04 lakh (Government of India Rs.17.75 lakh and State Government Rs.15.29 lakh) against the sanctioned project cost of Rs.51.63 lakh.

The implementation of scheme was characterised by avoidable inordinate delay in selection of sites and land acquisition which delayed the commencement of works and caused change of scope of works. Further, due to non-adhering to Government of India stipulation, the balance Central grant of Rs.23.88 lakh was lost. The delay in execution also resulted in blocking of Rs.17.75 lakh for more than eight years.

#### 4.7 Regularities issues

### HORTICULTURE AND CASH CROPS DEVELOPMENT DEPARTMENT

#### 4.7.1 Non-utilisation of funds

**Failure of the Department in utilising the funds resulted in denial of intended benefits envisaged under the scheme besides blocking of funds of Rs.76.65 lakh.**

Under the Centrally sponsored scheme on Technology Mission for Integrated Development of Horticulture in the North-Eastern States including Sikkim under Mini-Mission III, Government of India sanctioned (October 2001) Rs.1.63 crore as Central assistance and released (October 2001) first instalment of Rs.85 lakh to Sikkim Small Farmers' Agri-Business Consortium. The assistance was to be utilised on the following three components:

- Establishment of Wholesale market at Melli, South District (50 per cent assistance at the rate of Rs.50 lakh for wholesale market).
- Establishment of Rural Primary Market/Apni Mandi at 14 places<sup>12</sup> (50 per cent assistance at the rate of Rs.7.50 lakh per Mandi).

<sup>12</sup> Dikchu, Rongli, Temi Tarku, Legship, Soreng, Jorethang, Bermoik, Reshi, Pakyong, Ranipool, Dentam, Daramdin, Sintgam and Namchi.

- Strengthening of Grading Laboratories at Tadong, Rongpo and Melli (100 *per cent* assistance at the rate of Rs.2.50 lakh per laboratory).

The State Government was to release Rs. 1.55 crore and also make available land and other facilities for the scheme.

Scrutiny of records revealed (October 2004) that out of Rs.85 lakh released by Government of India, the Department incurred (between March 2003 and June 2003) a total expenditure of Rs.8.35 lakh towards construction of approach road and protective wall for Apni Mandi at Mangan (Rs.3.35 lakh), which was not covered under the Apni Mandi at 14 places, procurement of machinery and equipment (Rs.5 lakh) for strengthening of Grading Laboratories at Ravongla and Singtam, and the balance amount of Rs.76.65 lakh remained unutilised till date.

The Department (October 2004) stated that due to non-availability of land, the funds earmarked for the other components could not be utilised. The reply of the Department was not acceptable as the Department failed to get the required land belonging to other departments for more than three years after initiating steps in 2001-02 or to acquire private land by invoking the provisions of Land Acquisition Act, 1894. The State Government also did not release its stipulated share of Rs.1.55 crore<sup>13</sup> to the implementing agency so far (October 2005).

Thus, due to delay in implementation of the scheme, intended benefits envisaged under the scheme did not accrue to the public besides non-utilisation of Rs. 76.65 lakh for four years.

In reply, the Department stated (May 2005) that the land for construction of Apni Mandies had been identified and construction of one Apni Mandi had been completed. Another 11 Apni Mandies were under construction which would be completed within 2005-06. State Government would be providing land and other facilities in lieu of 50 *per cent* share. The reply of the Department as to the State share was not acceptable as the stipulated State grant of Rs.1.55 crore was in addition to the land.

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<sup>13</sup>  $Rs.0.50 \text{ crore} + (Rs.0.075 \text{ crore} \times 14) = Rs.1.55 \text{ crore}$

**HEALTH CARE, HUMAN SERVICES & FAMILY  
WELFARE DEPARTMENT**  
*(NATIONAL ILLNESS ASSISTANCE FUND  
ASSOCIATION)*

#### 4.7.2 Non-implementation of scheme

**Due to indecisiveness of the Department to finalise eligibility criteria for the scheme the entire fund of Rs. 87.61 lakh remained unutilised for more than four years besides denial of intended benefits to the deserving poor.**

Government of India introduced a scheme (November 1996) for establishment of a fund at the State level to which Government of India was to contribute upto 50 *per cent* of the contribution made by the State Government, subject to a maximum contribution of Rs. 2 crore. This was meant for providing financial assistance for specialised treatment for life-threatening illness to the bonafide poor people living below the poverty line (BPL). Accordingly, the State Government constituted (October 1998) the Sikkim State Illness Assistance Fund Association (SSIAFA) and later released Rs. 50 lakh (March 2000) and Rs. 25 lakh (May 2000) towards State contribution and Central share respectively. The rules framed (2001) for the Fund provided for assistance to the deserving poor people holding BPL certificate or Vikas Patrika<sup>14</sup>.

Though the SSIAFA was formed in 1998, the State Government released the share of Rs. 50 lakh only in March 2000 after a delay of more than a year. The Central share of Rs. 25 lakh received in May 2000 was belatedly released to the Association in March 2001. Even after the delayed transfer of funds as well as framing of rules for the scheme, not a single person was assisted (July 2004) towards life-threatening illness by the Association on the plea of non-finalisation of BPL list by the State Government. This was despite the fact that identification of beneficiaries under the BPL category was completed (July 2000) by the Government for distribution of food grains under Public Distribution System. The Association, as late as in July 2004, decided in consultation with Government of India that the income certificate issued by District Collector or Sub-divisional Magistrate would suffice to identify the beneficiaries under the scheme. However, no wide publicity was given by the Association to inform the public living below the poverty-line about the facility available under the scheme as directed by Government of India.

<sup>14</sup> A certificate issued by the State Government to the poorer section of the society for providing financial support.

Thus, due to delay in providing funds to the said Fund, finalising the criteria for eligibility for extending the benefit and tardiness of the Association and the Department to give wide publicity of the scheme, the entire amount of Rs. 87.61 lakh including interest (Rs. 13.23 lakh) remained unutilised for more than four years. The non-implementation of the scheme deprived accrual of intended benefits to the deserving poor people living below the poverty line besides non-availing of the potential contribution of Rs. 2 crore from Government of India to a significant extent.

In reply, the Association informed (August 2005) that the scheme had taken off from November 2004 and seven beneficiaries had been provided with the assistance of Rs.2.33 lakh so far.

**HUMAN RESOURCES DEVELOPMENT; HEALTH CARE,  
HUMAN SERVICES & FAMILY WELFARE; SOCIAL  
JUSTICE, EMPOWERMENT & WELFARE;  
TRANSPORT; LAND REVENUE & DISASTER  
MANAGEMENT; FINANCE, REVENUE &  
EXPENDITURE AND FOOD & CIVIL SUPPLIES &  
CONSUMER AFFAIRS DEPARTMENTS**

#### **4.7.3 Non-adjustment of medical advances**

**Negligence of the departments resulted in accumulation of unadjusted medical advances of Rs.1.35 crore in 365 cases for one to 21 years.**

According to Rule 20 read with Rule 22 of Sikkim Service (Medical Facilities) Rules, 1981, a Head of Department may, with the concurrence of Director, Health Services, grant medical advance to a Government servant for meeting the expenditure on medical treatment of the Government servant or his dependent family members outside Sikkim. The advance should be adjusted within three months from the date of completion of treatment, failing which it should be recovered from the pay of the Government servant in four equal instalments.

Test check of records of seven departments<sup>15</sup> revealed (May 2004 to March 2005) that the Drawing and Disbursing Officers paid medical advances to the employees (283 cases) aggregating Rs.1.32 crore during the period 2000-05. These employees neither preferred the claim for reimbursement of medical expenses nor refunded the advances. Thus, the medical advances remained unadjusted from one

<sup>15</sup> *Human Resource Development Department, Health Care, Human Service & Family Welfare Department, Social Justice, Empowerment & Welfare Department, Transport Department, Land Revenue and Disaster Management Department, Finance, Revenue & Expenditure Department and Food & Civil Supplies & Consumer Affairs Department.*

year to five years. In addition, there were 89 cases, involving Rs. 8.79 lakh, which were pending for want of adjustment for six to 21 years. Human Resources Development Department was the biggest defaulter with 244 cases followed by the Health Care, Human Services & Family Welfare Department with 82 cases.

In the absence of detailed adjustment bills the genuineness of the claims for medical advances and their utilisation remained doubtful.

In reply, the Food and Civil Supplies and Consumer Affairs Department stated (June 2005) that out of eight cases of unadjusted advances five were adjusted and the remaining three cases were being pursued for adjustment failing which it would be recovered from their salaries. However, the details of adjustment for the five cases were not furnished.

Transport Department also informed (May 2005) that advances in seven cases amounting to Rs. 5.50 lakh were adjusted, nine cases were being recovered from their salaries, seven cases were recommended for settlement and seven cases were still under treatment. Replies from the other departments were awaited.

Thus, even after taking into account the amount adjusted by one department (Transport Department), after being pointed out in audit, unadjusted advances stood at Rs. 1.35 crore as shown in *Appendix- XVII*.

#### **4.7.4 Irregular sanction of medical grant**

**The genuineness of utilisation of medical grant to general public amounting to Rs.1.82 crore for medical treatment outside the State was doubtful in the absence of any supporting documents.**

According to the notification dated 15 May 1995 of Health & Family Welfare Department (now renamed as Health Care, Human Services & Family Welfare Department (HCHS&FWD)), one time outright grant ranging from Rs.5,000 to Rs.20,000 was provided to the general public for treatment of special cases referred by the Medical Board of Sikkim for taking treatment outside the State at the designated place/Hospital. The claimant was required to give a declaration that he was not a regular employee or a dependent member of Government employee to be eligible for the grant. The bonafides of the claimant were to be verified and certified by HCHS&FWD.

Test check of 385 out of 964 cases of sanction of medical grant of Rs. 1.82 crore to public during the years 2002-03 to 2004-05 revealed (March 2004 to March 2005) that the declaration to the effect that the claimant was not a regular employee or dependent under the Government of Sikkim, was not submitted by any of the claimants. HCHS&FWD also failed to exercise the mandatory checks to confirm the bonafides of the claimants as the grants were released by the Department without ensuring the submission of required documents *viz.*, Sikkim Subject Certificate, patient's admission card to hospital, discharge order of concerned hospital etc. In the absence of these vital documents payment of grants

aggregating Rs.1.82 crore to genuine beneficiaries only and their utilisation for bonafide purposes could not be vouchsafed in audit.

This indicated the absence of proper mechanism to ascertain the genuineness of the claims before sanctioning the grants and watching their utilisation for the bonafide purposes, highlighting the necessity for more stringent monitoring of the eligibility criteria before sanctioning of such grants in future and verification of utilisation as well.

The matter was reported (April 2005) to the Government; reply had not been received (October 2005).

## 4.8 General

### Audit arrangement for local bodies

#### Introduction

**4.8.1** Autonomous bodies and authorities are set up to discharge generally non-commercial functions or public utility services. These bodies and authorities generally receive substantial financial assistance from the Government. The grants are intended essentially for construction and maintenance of educational institutions, hospitals and charitable institutions and improvement of roads and other communication facilities under municipalities and local bodies.

During 2004-05, financial assistance of Rs. 30.83 crore was released to various autonomous bodies and institutions, broadly grouped as under:

**Table-4.5**

*(Rupees in crore)*

Sl.	Name of institutions	No. of sanction	Amount of assistance given
1.	Universities and Educational Institutions	12	2.17
2.	Zilla Parishad and Panchayati Raj Institutions	44	6.91
3.	Development Agencies	24	16.88
4.	Hospitals and other Charitable Institutions	7	0.03
5.	Other Institutions	191	4.84
	<b>Total</b>	<b>278</b>	<b>30.83</b>

Source: Departmental figures.

### Delay in furnishing utilisation certificates

**4.8.2** The financial rules of the Government require that where grants are given for specific purposes certificates of utilisation should be obtained by the departmental offices from the grantees and, after verification, these should be forwarded to the Accountant General within one year from the date of sanction unless specified otherwise.

278 utilisation certificates were due in respect of grants aggregating Rs. 30.83 crore paid during the year 2004-05 by 41 departments excluding two departments viz; Animal Husbandry, Livestock, Fisheries and Veterinary Services Department

and Health Care, Human Services & Family Welfare Department who did not furnish the details despite reminders. It was, however, observed in audit that out of 278 utilisation certificates only 121 certificates for Rs. 23.24 crore were received by the grant releasing departments by September 2005 and 157 certificates pertaining to 11 departments for Rs. 7.59 crore were in arrears. Department-wise break-up of outstanding utilisation certificates was as follows:

**Table-4.6***(Rupees in crore)*

Sl.	Department	Number of certificates	Amount
1	Food Security & Agriculture Development	12	0.07
2	Co-operation	23	1.69
3	Cultural Affairs & Heritage	53	0.37
4	Food & Civil Supplies & Consumer Affairs	3	0.13
5	Forest, Environment & Wild Life Management	3	0.61
6	Horticulture & Cash Crops Development	4	0.04
7	Rural Management & Development	15	3.39
8	Science & Technology	1	0.30
9	Tourism	23	0.68
10	Social Justice, Empowerment and Welfare	2	0.20
11	Sports & Youth Affairs	18	0.11
<b>Total</b>		<b>157</b>	<b>7.59</b>

**Audit arrangement**

**4.8.3** The audit of accounts of the following bodies had been entrusted to the Comptroller and Auditor General of India for a period of five years as detailed below:

**Table-4.7**

Sl.	Name of body	Period of entrustment	Date of entrustment
1.	Sikkim Khadi and Village Industries Board	2000-01 to 2004-05	15 December 1999
2.	Sikkim Co-operative Milk Producers' Union Limited	2003-04 to 2007-08	18 November 2002
3.	Sikkim Co-operative Supply and Marketing Federation Limited.	2000-01 to 2004-05	02 November 2000
4.	Panchayati Raj Institutions	2001-02 to 2005-06	27 August 2001
5.	Sikkim Housing and Development Board	2000-01 to 2004-05	17 November 2003

The primary audit of local bodies (Zilla Parishads and Gram Panchayats), educational institutions and others is conducted by the State Government. The audit of Co-operative societies is also conducted by the State Government. Only five bodies/authorities attracted audit under section 20 (1) of the Comptroller and Auditor General's (DPCs) Act 1971.

The status of submission of accounts by them and completion of audit as of September 2005 are given below:

**Table-4.8**

Sl.	Name of body	Annual accounts	
		Received upto	Audited upto
1	Sikkim Khadi and Village Industries Board	2002-03	2002-03
2	Sikkim Co-operative Milk Producers' Union Limited	2002-03	2002-03
3.	Sikkim Co-operative Supply and Marketing Federation Ltd.	2002-03	2002-03
4.	Panchayati Raj Institutions (PRI)	Accounts were not prepared by PRIs so far	
5.	Sikkim Housing and Development Board	2002-03	2002-03

Against the 17 Institutions, which attracted audit under section 14 of the Comptroller and Auditor General's (DPC) Act 1971, the position of accounts audited as of September 2005 is given below:

**Table-4.9**

Sl.	Name of Body	Annual Accounts	
		Finalised upto	Audited upto
1.	State Leprosy Society, Gangtok.	2004-05	2004-05
2.	District Leprosy Society (East)	2004-05	2003-04
3.	District Leprosy Society (West)	2004-05	2003-04
4.	District Leprosy Society (South)	2004-05	2003-04
5.	District Leprosy Society (North)	2004-05	2003-04
6.	Tashi Namgyal Academy, Gangtok	2003-04	2003-04
7.	Paljor Namgyal Girls Senior Secondary School	2003-04	2003-04
8.	Sikkim State Illness Assistance Fund Association	2003-04	2003-04
9.	Sikkim State Aids Control Society, Gangtok	2003-04	2003-04
10.	Sikkim Institute of Rural Development	2003-04	2003-04
11.	Sikkim Renewable Energy Development Agency	2003-04	2003-04
12.	Prevention and Control of Blindness	2004-05	2004-05
13.	Sikkim Rural Development Agency	2003-04	2003-04
14.	Namgyal Institute of Tibetology	2003-04	2003-04
15.	State Council of Science and Technology	2004-05	2004-05
16.	Institute of Hotel Management	2003-04	2003-04
17.	Sikkim Urban Development Agency	2003-04	2003-04