CHAPTER III

CIVIL DEPARTMENTS

SECTION : A
AUDIT REVIEWS

Paragraph	***Particulars***	***Page***
	Animal Husbandry and Veterinary Services Department	
3.1	***Utility of Government Livestock Farms***	*39*
	Education Department	
3.2	*Integrated audit of Education Department*	*45*
	Finance Department	
3.3	*Sikkim State Lotteries*	*62*
	Forest Department	
3.4	*Working of integrated wasteland development project for eco-restoration and afforestation*	***72***
3.5	*Implementation of Environmental Act. And rules relating to water population*	***86***
	Health and Family Welfare Department	
3.6	*National Family Welfare Programme*	*90*
	Planning and Development Department	
3.7	*Member of Parliament Local area Development Scheme (MPLADS)*	***104***
	Urban Development and Housing Department	
3.8	*Urban Employment Generation Programme*	***111***

CHAPTER – III

SECTION – A
(AUDIT REVIEWS)

ANIMAL HUSBANDRY AND VETERINARY SERVICES DEPARTMENT

3.1 Utility of Government Livestock Farms

An examination of Animal Husbandry Farms under the administrative control of Animal Husbandry and Veterinary Services (AHVS) covering the period 1995-96 to 1999-2000 was conducted during April to May 2000. The results are summarised below:

3.1.1 Inoperative farms

Utility and justification for continuance of the farms was not evaluated

Of the 15 farms functioning under the Department, 3 farms (viz. Ralong, Geyzing and Bop) were inoperative as they were without animals since February 2000, September 1999 and November 1999 respectively. Apart from this, there was only one animal at Pangthang since April 1999, 2 animals at Namchi and Chujachen since April 1995 and April 1999 and 3 animals at Rhenock and Ravangla since April 1995 and September 1998 respectively. The average number of animals held in 9 farms exclusively handling animals, 1 farm exclusively handling rabbits and 4 farms combinedly handling animals as well as poultry birds ranged between 2 to 195, 119 to 402 and 1 to 109 respectively during 1995-96 to 1999-2000. Despite this situation, the Department had not evaluated the utility and justification for the continuation of these farms.

The Department stated (September 2000) that these 15 demonstration units had been established to act as service units and innovation centres for the poor farmers. While the objective was not specified at the time of establishing the farms, with as many as 8 out of 15 farms holding 3 animals or less, the effectiveness of these units as service and innovation centres remained unascertained.

3.1.2 Physical and financial performance

There was no farm-wise or district-wise allocation of budget provision for maintenance of the farms. It was stated by the Deputy Directors in charge of the districts that they incur expenditure after getting the proposal for the same approved by the Commissioner-cum-Secretary or the Minister as the case may be. A total expenditure of Rs. 535.22 lakh was incurred during 1995-96 to 1999-2000 towards salary, wages, feed and other expenses.

Production/ revenue targets were not fixed for any of the farms

No target for production or realisation of revenue was fixed for any of the 15 farms. However, Rs. 19.84 lakh was realised by 11 farms during 1995-96 to 1999-2000 from sale of piglets, milk, eggs, culled birds, cattle, wool etc.

The Department stated (September 2000) that production targets were fixed only for Karfectar farm. Records relating to targets were however not produced.

3.1.3 Feed Management

(i) Short accountal of feed

There was short accountal of feed in 3 farms.

Feed records of Namchi, Ralong and Mangan farms revealed that there was short accountal of 39.253 MT of animal feed (cattle, pig) valuing Rs 2.55 lakh during the period 1995-96 to 1999-2000. Reasons for the shortage was not furnished to Audit. The Department stated (September 2000) that it had not yet prescribed any norms fixing the quantum of wastage/loss allowable on account of transportation, distribution and storage of feed and was taking steps to verify the shortage of feed

(ii) Excess / less feeding of animals

The Department did not take effective steps to address the problem of under- feeding of animals

With reference to the feeding norms fixed by the Department for different animals, it was noticed that there was over consumption of 93.285 MT of pig feed and 37.590 MT cattle feed valuing Rs 8.21 lakh in 6 farms (Rorathang, Namchi, Ravangla, Karfectar, Mangan and Bop), and underfeeding in 9 farms (Rhenock, Chujachen, Pangthang, Ralong, Karfectar, Mangalbarey, Geyzing, Bega and Rabum) to the extent of 729.098 MT (cattle, goat, sheep feed 467.147 MT; rabbit feed 17.908 MT and pig feed[*] 244.043 MT).during 1995-96 to 1999-2000. As early as in September 1998, the Department was aware of the problem of underfeeding and noted that this would lead to high rate of mortality due to cannibalism and outbreak of various diseases and revenue earned from the farms would be adversely affected. The Department stated (September 2000) that it was taking steps to verify excess/less feeding of animals

*iii) Non availability of feed**

5 farms were without feed for considerable length of time

To ensure steady growth and maintain the animals in proper health, it was essential that feed is available regularly and in time. As per calculations made by audit from the Feed Consumption Registers, the following farms were without feed for 12 to 81 per cent of the time during the periods indicated below. During these periods, the cattle and pigs were given local feed.

*[*] Poultry feed: Dry Ration Mash, Chicken Mash, Poultry grower, Poultry layer; Pig Feed: Pig finisher; Cattle Feed: Hi-Energy; Rabbit / Sheep/ Goat feed.

Sl. No.	Farm	Period	No. of days without feed (percentage in bracket)
1	Rhenock	1998-99 and 1999-2000	593 days (81)
2	Chujachen	1995-96 and 1996-97	249 days (34)
3	Pangthang	1995-96 to 1999-2000	626 days (34)
4	Mangalbaray	1998-99	45 days (12)
5	Namchi	1999-2000	199 days (54)

The Department attributed (September 2000) the reason for non-availability of required feed to financial constraint and the rigid procedures for feed procurement.

iv) Quality Control

No test was conducted to evaluate the nutritional value of feed

The Annual Plan Report of the Department for the year 1997-98 stated that testing facilities would be provided to the nutrition laboratory at Gangtok and centres at District Headquarters would be opened so that it would be ensured that the feed is of ISI standard. Quality would be evaluated by feeding the animals and judging their performance before releasing payments to the feed suppliers. During 1995-96 to 1999-2000, the laboratory at Gangtok analysed only 20 feed samples to test for the percentage of proximate analysis and fungus contamination. No test had been conducted to check for the quality or nutritional value or that the feed conformed to the ISI standard as envisaged in the Report. Payments were released to suppliers without testing the quality of feed supplied. Test Centres at District Headquarters had not been established (May 2000).

The Department stated (September 2000) that the laboratory at Gangtok could not be made functional and the feed testing centres at districts also could not be established due to budget constraints, dearth of proper manpower, etc. It further stated that a trained officer had since 1999 been entrusted with testing the feed samples in the laboratory. The reply is not tenable as during the period under review the laboratory had never conducted any tests with the specific objective of verifying the quality and nutritional value of feed or that it conformed to ISI standard.

v) Absence of facilities for weighing of feed

No farm was equipped with weighing machines

Supply orders for a major quantity of feed supplied to the farms was placed at the level of the Department and the feed directly received at the farms. In addition, the farms also resorted to local purchases to meet urgent requirements. It was observed that none of the 15 farms was equipped with any facilities for weighing or measuring and thus were in no position to check and verify the actual quantity of feed received from the suppliers. In every instance however, the concerned officers invariably certified that the correct quantity had been received. In the absence of these facilities, the amount of feed fed to the animals would also have been only an approximate measure. The Department stated (September 2000) that the feed was received directly from SIMFED (a Government undertaking) and it assumed the supplies were made in full quantity. It was also proposing to procure weighing balances for most of the big farms.

3.1.4 Manpower management

(i) In the 15 farms being maintained by the Department, the total number of regular staff and labourers on muster roll during the period under review varied from 77 to 79 and 155 to 173 respectively. However, the Department could not furnish the sanctioned strength of personnel for any of the 15 farms, in the absence of which audit could not ascertain as to whether the staff deployed in each farm was justified and in accordance with actual requirement and needs.

No step was taken to review the requirement of MR workers inspite of the fact that the number of animals reared/held in 8 farms was progressively declining.

(ii) The man / animal ratio ranged between 9:1 to 1: 16 (farms exclusively dealing with animals), 6:0 to 1:67 (farms exclusively dealing with rabbits) and 13: 1 to 1:4 (farms combinedly dealing with animals as well as poultry birds) during the period 1995-96 to 1999-2000. Details in respect of the 15 farms in each of the five years under review is given in **Appendix - VIII**. Only in 4 farms (Mangalbaray, Rabum, Bega and Chopta) the number of animals held / reared during 1999-2000 was more than in 1995-96. In 2 farms (Geyzing and Bop) the number of animals held / reared remained constant at 7 and 10 animals respectively during the period under Review. In the remaining 9 farms, the number of animals held / reared during the period under review had declined by as much as 17 per cent to 89 per cent. The Department never initiated any action to correspondingly reduce the manpower deployed in 8 out of these 9 farms. For instance, in Rhenock farm, the man / animal ratio of 5:1 during 1995-96 increased to 13:1 during 1999-2000. Similarly, the ratio of 1:1 (Chujachen and Pangthang), 4:3 (Namchi) and 2:1 (Ravangla) during 1995-96 increased to 9:1, 6:1, 6:1 and 7:1 for Chujachen, Pangthang, Namchi and Ravangla farms, respectively during 1999-2000. In addition to departmental staff, it was seen that these 8 farms employed around 71 muster roll workers on daily wage basis each year from 1995-96 to 1999-2000 at a total cost of Rs 51.12 lakh. Had an exercise to review the requirement of workers been carried out, this expenditure could have been reduced. It was also noticed that the Department had not fixed any norms for the employment of muster roll workers.

The Department stated (September 2000) that it would periodically review the manpower requirements in the light of the audit observation.

(iii) The manpower position in the three inoperative farms referred to in paragraph 3.1.1 was as follows:

Sl. No.	Name of the farm	Not in operation since	No. of employees on roll	
			Regular	Muster roll
1	Geyzing	September 1999	3	4
2	Ralong	February 2000	1	5
3	Bop	November 1999	1	9

Since the above farms exclusively reared animals only, there was no justification for the continued existence of these units in the absence of animals and the expenditure on pay and allowances/ wages of the regular and muster roll staff from the date of their in-operation till 31 March 2000 to the tune of Rs 2.89 lakh (calculated at the minimum rate of wage and basic pay with DA on 31 March 2000) was not productive.

In the absence of animals, continuance of 3 farms with pay and allowance to staff was unjustified

The Department stated (September 2000) that animals were expected from Australia for these 3 farms for which funds have already been placed with the Central Government.

Under the Swiss-Indo Project, Karfectar farm was converted into a Bull rearing farm from April 1996 and the manpower requirement was accordingly worked out. However, manpower in excess of the projected requirement was engaged in the farm from April 1996 to March 2000 as below:

Personnel	Projected Manpower requirement	Average number of men-in-position during each year from 1996-97 to 1999-2000	Excess manpower	Expenditure on pay, DA etc. for excess manpower (Rs in lakh)
Stock man	3	5	2	3.95
Shepherd	Nil	3	3	6.22
Poultry attendant	Nil	1	1	1.84
Bull attendant	Nil	1	1	1.84
Chowkidar	Nil	1	1	1.85
Dresser	Nil	1	1	2.43
M.R.Labourers	25	53	28	16.12

Excess manpower was engaged resulting in under utilisation of labour and avoidable expenditure

The excess manpower not only resulted in under utilisation of labour but also an avoidable expenditure of Rs 34.25 lakh on pay, allowances and wages (calculated upto 31 March 2000). No reason was furnished for employing personnel in excess of the projected requirement.

3.1.5 Up-keep of animals

(i) High rate of mortality

No norm was fixed for the mortality rate of birds and animals

The Department did not fix any norms for the mortality rate for birds and animals. It will be seen from **Appendix-IX** that mortality rate for poultry was as high as 73, 72, 49 and 46 per cent in Karfectar, Namchi, Geyzing and Mangan farms respectively. For pigs the mortality rate was 65, 60 and 43 per cent in Ralong, Karfectar and Namchi farms respectively. The mortality rates for goat ranged from 39 per cent to 47 per cent in Mangalbaray farm and for rabbits the rate ranged from 27 per cent to 39 per cent in Rabum farm. The mortality for yaks ranged from 12 per cent to 36 per cent in Chopta farm. The Department attributed the deaths to:-

(a) lack of quality feed (b) weakness and extreme cold (c) cannibalism, diseases like anemia, uterus cancer, foot and mouth diseases and outbreak of disease like coccidiosice and other reasons (d) non supply of medicine and vitamin.

Vaccination programmes were not carried out in any of the 15 farms

The high mortality rates can to an extent be ascribed to the fact that despite Department Circular of December 1990 requiring vaccination programmes to be carried out/conducted in advance to prevent outbreak of diseases, no vaccination programme was conducted in any of the 15 farms during the period covered under review. In 3 farms (Rhenock, Mangalbaray and Mangan) proper storage facility like refrigerators was not provided for storing vaccines and medicines.

The Department stated (September 2000) that the high mortality rate for yaks was because the animals were transported from Bhutan and faced a change of climate in Sikkim. Regarding high mortality in poultry it was stated that the matter was being examined by the Joint Director (Poultry). However, the reply was silent about the non-conducting of the vaccination programme.

(ii) Loss due to death of piglets

Establishment of farm in an unsuitable location led to high mortality of piglets

During 1995-96 to 1999-2000, 30 piglets valued at Rs.0.18 lakh died (out of 163 reared during the period) in Ralong farm. The Department attributed the deaths to the cold climate of Ralong. This leads to the inference that the decision to locate the piggery at Ralong, a place located at a height of approximately 7100 feet. above sea level with a climate ill suited for the purpose, was taken without much thought. The Department stated (September 2000) that steps would be initiated to relocate the farm at a lower altitude.

(iii) Shortfall in bull rearing

At Karfectar farm, bull calves were required to be reared till the age of maturity (2 years) for distribution to Panchayat units and Government institutions for cross breeding purposes. To fulfil this objective the following norms were laid down:

(a) The bulls should weigh 90 kgs at 6 months of age at the time of arrival at the farm.

Underweight bull calves were received for rearing

(b) The bulls should weigh 325 kgs to 350 kgs during distribution at 24 to 26 months of age. However, this was initially provisionally fixed at 300 kgs which was to be reviewed later.

It was observed that during 1998-99, 7 bull calves aged 8 to 12 months were brought to the farm weighing below 90 kgs. The Department stated (September 2000) that it was taking care to avoid receipt of under weight calves in the farm.

Under weight bulls were distributed for cross breeding purposes

Out of 36 bulls distributed during 1997-98 to 1999-2000, only 7 bulls were of the required weight of 300 kgs or higher. The weight of remaining 29 bulls at the time of distribution ranged from 206 kgs to 295 kgs. The Department stated (September 2000) that above stated maximum weight was based on the average Indian cross breed but the actual achievable weight with the Jersey cross available in Sikkim was yet to be established. Thus the Department has not been able to formulate the weight parameters for the Jersey variety, which is one of the most common in the State till date.

3.1.6 Monitoring and evaluation

i) No exercise to review or evaluate the functioning of the farms had been carried out by the Department. As a result, the viability of the farms, their productivity and utility remained un-assessed.

ii) Information and control mechanisms were almost non-existent. The Department did not have any basic records or information about the sanctioned strength, men-in-position, number of muster roll workers engaged, details of livestock, etc. of the farms.

The farms routinely failed to submit the required monthly/ quarterly returns/ reports as required to the Statistical Section of the Department in time, if at all. In some cases, despite repeated requests by the farms in some of their returns / reports for urgent supply of feed and medicines, no action was taken by the Department which defeated the purpose of submitting the reports.

While accepting the Audit observations, the Department stated (September 2000) that the same had been noted for further improvement of the working system of the Department.

EDUCATION DEPARTMENT

3.2 Integrated audit of Education Department

Highlights

The State Government had been extending educational facilities to the students through free tuition, text books (upto Senior Secondary Schools), uniforms (upto Primary Schools), scholarship and stipends to promote education of children from weaker sections, providing grants-in-aid to Non-Governmental organisations and training of Teachers. Further, various Centrally Sponsored Schemes are also being implemented. Audit scrutiny revealed that the budget formulation of the Department was not realistic and there was lack of proper financial management and planning. The Department did not maintain proper record pertaining to sanctioned strength of teaching as well as non-teaching staff. There was excess deployment of teachers especially in and around Gangtok town. No record was maintained on the performance of class V Board examination. The percentage of failure in class VIII Board examination ranged from 41 to 59 per cent and that in class X Board examination varied from 60 to 67 per cent during 1996 to 1999.170 schools were irregularly upgraded without any justification during 1995 to 1999. Various schools irregularly utilised the Government receipts contrary to the financial rules.

Department was unaware of the sanctioned strength of its teaching and non-teaching staff.

(Paragraph 3.2.5 (i) and (iv))

Excess deployment of teachers was from 42 per cent for Lower Primary School(LPS), between 69 to 96 per cent for Primary School(PS), 32 to 40 per cent for Junior High School (JHS) and 44 to 50 per cent for Secondary Schools.

(Paragraph 3.2.5 (ii))

The Department did not provide basic amenities like drinking water, toilet, adequate furniture and playground despite spending an amount of Rs 109.72 lakh from the fund provided by the GOI as upgradation grant.

(Paragraph 3.2.6)

The Department had not maintained the records on the performance of class V Board Examination. The percentage of failure in the class VIII Board examination ranged from 41 to 59 per cent during the last five years.

(Paragraph 3.2.7(i))

The percentage of failure in class X Board Examination varied from 60 to 67 per cent during 1996 to 1999. 6 schools in 1996, 8 in 1998 and 13 schools in 1999 produced NIL results. Further, the percentage of success in 16 schools (1996), 13 schools (1997), 15 schools (1998) and 16 schools (1999) ranged from 0 to 9 only.

(Paragraph 3.2.7(ii))

Text books and uniform worth Rs. 33.25 lakh, without considering the closing stock of previous years, were purchased.

(Paragraph 3.2.9(i))

Inspite of not having any Technical school, the Department incurred a total expenditure of Rs172.31 lakh upto March 2000 under Technical School in the State.

(Paragraph 3.2.9(iii))

There was blockage of funds of Rs 993.69 lakh in 43 number of incomplete works.

(Paragraph 3.2.10)

Appointment of unqualified College Lecturers resulted in an irregular expenditure of Rs 11.52 lakh per year.

(Paragraph 3.2.11)

Various schools irregularly utilised the Government receipts of Rs. 45.97 lakh towards admission, games fees etc. contrary to the Financial Rules.

(Paragraph 3.2.13(i))

3.2.1 Introduction

The salient objectives of the educational policy in the State are:

Universalisation of education at all levels.

1. Reduction in the rate of school dropouts especially among scheduled caste/scheduled tribe/other backward class and girls and achieving universal retention.
2. Launching adult and non-formal education programmes.
3. Strengthening work experience, socially useful productive work, moral and value education at all levels.
4. Diversion of at least 25 percent secondary students towards vocational streams.
5. Strengthening craftsmen training in the State.
6. Implementing technical education programme.

Encouraging Non-Governmental Organisations to join the Department in establishing educational institutions by providing them with financial assistance.

For fulfilling the above objectives, students are provided with free tuition, text books, exercise books (upto to the level of XIIth standard) and uniforms (upto the level of Vth standard). Scholarships are provided to students studying within and outside the State. Government grants are provided to Non-Government Schools and Colleges (Monastic Schools, Sanskrit Pathasalas, Madrasa and B.Ed College). However, for ascertaining the achievements, the Department did not maintain any record relating to the number of school dropouts, diversion of students to vocational stream, strengthening of craftsmen training in the State.

The stages of education in the State are categorised as Pre-primary, Lower Primary (upto class III), Primary (upto class V), Junior High School (upto class VIII), Secondary (upto class X), Senior Secondary (upto class XII), and College.

3.2.2 Organisational set-up and infrastructure

The Education Department is headed by a Commissioner-cum-Secretary and assisted by two Special Secretaries and one Director. The Directorate headed by the Director looks after matters upto the secondary level of education. The Senior Secondary stage and higher education is looked after by the Secretariat.

The educational infrastructure in Sikkim as on 31 March 2000 comprised the following:

(a) Number of educational institutions:

i)	Lower Primary Schools (LPS)	179
ii)	Primary Schools (PS)	322
iii)	Junior High Schools (JHS)	129
iv)	Secondary Schools (SS)	76
v)	Senior Secondary Schools (SSS)	29
vi)	Monastic Schools	50
vii)	Sanskrit Pathasalas	12
viii)	Madrasa	1
ix)	State Institute of Education	1
x)	Industrial Training Institute	1
xi)	Teachers Training institute (DIET)	1
xii)	Privately run B.Ed College	1
xiii)	Degree Colleges	2
xiv)	Law College	1
xv)	Sanskrit Mahavidyalaya	1
xvi)	Sikkim Institute of Higher Nyingma Studies	1
	Total	**807**

(b) Number of Teaching/Non-teaching Staff:

		Teaching	Non-teaching
i)	Schools and District offices	7771	195
ii)	Colleges/other institutions	125	115
iii)	Secretariat/Directorate	-	226
	Total	**7896**	**536**

3.2.3 Audit Coverage

A review of Education Department with special emphasis on Primary Education for the period 1995-96 to 1999-2000 was conducted during April-May 2000 in the Secretariat, Directorate and 4 District Offices of the State. The results of the review are enumerated in the succeeding paragraphs:

3.2.4 Budget and expenditure

i) Yearwise allocation and expenditure

The year wise allocation (Plan and Non-Plan) and expenditure thereagainst during the last five-years under the relevant major heads were as shown in **Appendix X.** Against a budget provision of Rs. 112.71 crore made during 1995-96 to 1999-2000, the expenditure was Rs. 110.70 crore. There were persistent savings year after year under all major heads (barring MH 2230) which indicated that budgetary management was poor. From the statistics mentioned in **Appendix XI** relating to the component wise expenditure under the respective major heads being operated by the Department and scrutiny of Detailed Appropriation Accounts, it was seen that the salary component alone constituted 72 to 91 per cent of the total expenditure on education. Expenditure on grants to non-Government institutions, scholarships to students, purchase of Text Books and other charges (for purchase of uniforms etc) constituted 1.24 to 2.96, 0.69 to 1.40, 0.49 to 2.84 and 0.90 to 7.65 per cent of total expenditure respectively. Thus, due to major part of expenditure being incurred under salary, the scope for implementation of other programmes (Infrastructural facilities and basic amenities) was limited

3.2.5 Manpower

As on 31 March 2000, the Department had on roll 7896 teaching (including 125 teaching staff in colleges) and 536 non-teaching staff (total 8432) which constituted 35 per cent of the total employees of State Government (approximately 24,000). The expenditure on their salaries (Rs 10079.70 lakh) constituted 6.68 per cent of the total revenue expenditure (Rs 150924.99 lakh) of the State during 1999-2000.

(i) Non-maintenance of proper records

For monitoring recruitments/appointments/postings of incumbents and conversion of temporary, ad-hoc/contract appointments into regular/permanent ones, Administration/Establishment and Planning Sections of the Department were required to maintain separate registers showing the particulars and number of permanent and temporary posts and sanctioned strength.

The Department was not aware of its sanctioned strength

Scrutiny of records at Secretariat and Directorate revealed that no record or particulars relating to permanent and temporary posts, sanctioned posts, cadre-wise and year-wise were maintained as a result of which neither the Secretariat nor Directorate could furnish any data in this respect to audit for the period 1995-96 to 1999-2000. In the 4 Districts also, the Joint Directors (East, West, North and South) did not maintain any records relating to permanent/temporary posts and sanctioned strength in their Districts. In the absence of such records, proper cadre management and optimal deployment of manpower was not possible.

(ii) Deployment of teachers in excess of norms

According to the staffing norms prescribed by the State Government in December 1986, the following was the criteria for deployment of teachers in the schools.

- ⇒ Lower Primary Schools :3 General Teachers
- ⇒ Primary Schools :5 General Teachers
- ⇒ Junior High Schools :5 General Teachers and 5 Graduate Teachers
- ⇒ Secondary Schools :5 General Teachers and 9 Graduate Teachers
- ⇒ Senior Secondary Schools:5 General Teachers, 9 Graduate Teachers and 1 PGT for each core / elective teaching subject

The men-in-position of teaching staff for each year with reference to number of schools in each category for the State as a whole is as below:

Category of school	1996		1997		1998		1999		2000	
	School	Teacher	School	Teacher	School	Teacher	School	Teacher	School	Teacher
LPS	273	723(1:3)	273	761(1:3)	179	761(1:4)	179	761(1:4)	179	761(1:4)
PS	262	2563(1:10)	256	2598(1:10)	335	2721(1:8)	322	2721(1:8)	322	2721(1:8)
JHS	114	1628(1:14)	114	1583(1:14)	120	1662(1:14)	129	1701(1:13)	129	1701(1:13)
SS	66	1345(1:20)	70	1440(1:21)	73	1523(1:21)	76	1531(1:20)	76	1531(1:20)
SSS	20	912(1:46)	22	997(1:45)	28	1057(1:38)	29	1057(1:38)	29	1057(1:36)
TOTAL	735	7171	735	7379	735	7724	735	7771	735	7771

(Figures in parenthesis indicate the ratio of school to teachers)

As compared with norms, there was excess deployment of teachers to the extent of 32 to 96 per cent

It would be seen that despite the total number of schools remaining static during the period under review, there was an increase of 600 teachers. Further, despite decrease (due to upgradation to higher categories) in number of LPS schools from 273 (1997) to 179 (2000) and PS schools from 335 (1998) to 322 (2000), the number of teachers in these schools remained the same. It was also seen that the ratio of teachers deployed in the different categories of schools was in excess of the norms in respect of PS, JHS, SS for the entire period and LPS for the years 1998 to 2000. The excess deployment was 42 per cent (for LPS); from 69 to 96 per cent (for PS); 32 to 40 per cent (for JHS) and 44 to 50 per cent (for SS). The excess deployment in Senior Secondary Schools, if any, could not be worked out as information on the number of core/elective subjects offered in each school could not be produced to audit.

Test check of records relating to 50 schools (LPS-4, PS-19, JHS-8, SS-12, SSS-7) as detailed in **Appendix XII** revealed that there was excess deployment of 4 School Mothers, 1 Language Teacher, 89 Graduate Teachers and 224 Primary Teachers in these schools during the academic year 2000. The excess deployment was mainly in 10 schools located in or around Gangtok town.

(iii) Absence of norms for appointment and posting of ad-hoc teachers / non-teaching staff.

There was no norm for appointment of ad-hoc teachers

Test check of records in North District revealed that 69 number of Graduate Teachers were appointed at Head Office (Directorate) during 1999 and posted to North District although there was no requisition for additional teachers from the District/ concerned schools. It was further seen that some of these teachers were appointed on fixed consolidated pay of Rs 4500 and Rs 5000 and others in the regular pay scale of Rs 5500 –9000 on a seemingly arbitrary basis. The necessity of the appointments, the method by which the candidates were short listed/selected for appointment as also the logic/basis on which differential rates of pay were allowed to these Graduate Teachers were not on record.

Without ascertaining necessity, non-teaching staff was appointed on the recommendation of MLAs

Further during July 1998, 44 numbers of Laboratory Assistants, Cooks, Peons and Chowkidars were appointed in the regular pay scale in the four Districts of the State on ad-hoc basis on the recommendation of area MLAs and approval of Education Minister. The appointments were stated to be against posts created. However, no requisition from the schools / districts nor any orders for the creation of these posts could be furnished to audit.

(iv) Absence of records relating to sanctioned strength of non-teaching staff

There were 536 non-teaching staff in the Schools, College, Districts, Directorate and Secretariat as on March 2000. The Department did not maintain any record relating to the number of regular/ temporary posts and sanctioned strength of the non-teaching staff and consequently these particulars could not be furnished to audit by the Department.

3.2.6 Absence of basic amenities in schools

Availability of drinking water, toilet facilities, furniture, playground etc were the minimum basic amenities to be provided to a school. However, test check of the Inspection Reports of Assistant Education Officers relating to 45 LPS, 59 PS, 28 JHS and 14 SS schools revealed that in the following cases, the basic amenities were not available in the schools as on March 2000:

Sl. No.	Facilities not provided	LPS	PS	JHS	SS	TOTAL
1	Drinking Water and Toilet	15	21	5	4	45
2	Drinking water	4	5	15	9	33
3	Toilet	2	5	1	1	9
4	Adequate furniture	9	14	3	3	29
5	Playground	5	10	2	1	18

Basic amenities were not provided in the schools

From the above sample size (146) it will be seen that 45 (31 per cent) schools did not have drinking water and toilet facility; 33 (23 per cent) schools did not have drinking water facility; 9 (6 per cent) schools did not have toilet facility; 29 (20 per cent) schools did not have adequate furniture and 18 (12 per cent) schools did not have playground facility. This was despite the fact that an amount of Rs. 109.72 lakh was spent from the fund provided by the GOI as upgradation grant recommended by the 10^{th} Finance Commission for providing basic amenities to schools.

It was observed that the Department had never carried out a comprehensive survey to evaluate the availability of basic amenities in the school and institutions in the State.

3.2.7 Performance in State and National Board Examinations

(i) State Board

Percentage of failure in the examination of VIII standard was 41 to 59 per cent

The Sikkim Board of Junior School Education conducts the examinations for Vth and VIIIth standard. While no record relating to the performance in Vth standard was being maintained either in the Directorate or in the District Education Offices, the students' enrolment in class VI with reference to the previous years enrolment in class V revealed that the percentage of failure averaged 11 per cent for each of the years under review.

The percentage of failure in the Board examination for VIIIth standard varied from 41 to 59 per cent during the last five years.

The Department has not taken any measures to ascertain the reasons behind such high percentage of failure in the lower level of education for taking measures to improve the situation.

(ii) National Board

All the Government Schools in the State are affiliated to Central Board of Secondary Examination. The total number of students who appeared each year in the X and XII standard exam and the number who came out successful is as below:

Performance in Board Exam (Class X)

Year	Total number of students		Pass Percentage
	Appeared	Passed	
1996	2775	943	34
1997	3046	1214	40
1998	2448	798	33
1999	2218	831	37

Performance in Board Exam (Class XII)

Year	Total number of students		Pass Percentage
	Appeared	Passed	
1996	1562	880	56
1997	1106	637	58
1998	1211	749	62
1999	1541	1079	70

Failure in X standard was 60 to 67 per cent

The percentage of failure in the Xth standard varied from 60 to 67 per cent while that in XIIth standard varied from 30 to 44 per cent during the last four years.

Further, it was seen that all the students of 6 out of 86 schools in 1996, 8 out of 101 schools in 1998 and 13 out of 105 schools in 1999 who appeared in the Xth standard Board Examination failed to clear the Board Examinations. In most of the years during 1996 to 1999, the percentage of success was below 10 percent. In 4 out of these 15 schools, the percentage of success persistently varied between 0 to 14 per cent during the last 4 years. Out of 125 schools whose students appeared in X th standard examination, 16 schools in 1996, 13 schools in 1997, 15 schools in 1998 and 16 schools in 1999 registered a success rate between 0 to 9 per cent only. The details are given in **Appendix XIII.**

There was nothing on record to show that the Department was periodically monitoring and assessing the examination results or remedial action taken to improve the performance of those schools where the results were unsatisfactory.

3.2.8 Up-gradation of schools

Although no specific norm had been prescribed by the Government for up-gradation of schools, the following were the related guidelines issued by the Department:

a) Each class/section/teaching unit should consist of a minimum of ten and maximum of forty students.

b) A minimum of ten students was a pre-requisite for the introduction of a teaching subject.

c) For the provision of an additional teacher, the section/division/ teaching unit must have an enrolment of 35 to 40 students.

d) No recognised Government schools shall open any new section/class/ teaching unit without giving full justification and without having received approval of the appropriate authority.

f) Before establishing a new class/section/teaching unit, it must be ensured that the neighbouring schools have the full enrolment in the class for which another teaching unit/section is being proposed in another school in the vicinity.

Scrutiny of records revealed that during the academic sessions 1995 to 1999, 170 schools were upgraded as below:

Year	LPS to PS	PS to JHS	JHS to SS	SS to SSS	TOTAL
1995	Nil	4	3	2	**9**
1996	Nil	6	8	2	**16**
1997	94	15	9	6	**124**
1998	Nil	13	4	1	**18**
1999	Nil	Nil	2	1	**3**
Total	**94**	**38**	**26**	**12**	**170**

29 schools were upgraded without any basis

There was nothing on record to indicate that the views of the Heads of Institutions or Joint Directors in charge of the Districts were ever obtained about the necessity of upgradation during any of the above years. No assessment was also made at any level about the existing enrolment in the schools to be upgraded, enrolment in other schools in the vicinity, feasibility / financial implication of the upgradation etc.

It would be seen that during 1997, the up-gradation was disproportionately on the higher side. As against 170 schools upgraded during the years 1995 to 1999, as many as 124 schools (73 per cent) were upgraded in 1997. No records could be made available to indicate the basis on which such huge upgradation was effected. Scrutiny of records relating to students enrolment in the 94 LPS upgraded to PS during 1997 revealed that in 22 schools, the average enrolment of students during 1999 i.e 2 years after the upgradation, in classes IV and V varied between 5 and 6 which was far below the minimum requirement of 10 students for each class. In 3 PS upgraded to JHS (upto class VIII)), the average enrolment varied from 2 to 8 in classes VI, VII and VIII in 1999. In one JHS upgraded to SS (upto class X), the enrolments varied between 6 and 9 only in classes IX and X during 1999.

Out of the 13 PS upgraded to JHS in 1998, in 3 schools the enrolment of students in classes VI and VII averaged to 6 and 5 respectively during 1999.

Thus, the upgradation of 26 schools in 1997 and 3 schools in 1998 was without any basis and the utilisation of the capacity of school was not to the full extent and ensuring the optimal utilisation of capacity of schools being upgraded.

3.2.9 Implementation of schemes/programmes

(i) Distribution of Text Books and uniform

(a) Excess procurement of Text Books

The Department distributes textbook free of cost to all the students upto the XIIth standard. The textbooks are either purchased from the Publishers/CBSE /NCERT or printed through invitation of tenders etc.

Text books were purchased without ascertaining the requirement

The assessment of requirement of text books for any academic session was worked out by taking enrolment of students during the previous year and increased by 10 per cent. However, this requirement was not reduced by the extent of the closing stock balances of the previous year to arrive at the actual requirement for any particular year. Scrutiny of stock registers of text books in the four districts revealed that text books worth Rs 12.56 lakh was lying at stock before the beginning of the 1999 academic session. However, additional purchase was made for Rs 65.15 lakh. Out of the total stock, textbooks valuing Rs 51.55 lakh were distributed and textbooks worth Rs 26.16 lakh were lying in the store after the distribution relating to academic session 1999.

It was seen that the increase in student enrolment in the academic years 1997, 1998 and 1999 over the previous years was 4.09, 3.43 and 1.92 per cent respectively which was below the presumptive assessment of 10 per cent of the Department.

Thus, by not taking into account the closing stock of previous years and presumptive assessment of 10 per cent increase in students' enrolment which was on the higher side, the Department was saddled with excess text books to the tune of Rs 26.16 lakh resulting in blocking of funds.

b) Excess procurement of uniforms

Supply of free uniforms to all the students' upto the Vth standard was introduced by the Government in 1995.

Uniforms were purchased without ascertaining requirement

Assessment of requirement was based on enrolment of students during previous year increased by 10 per cent. However, the requirement so arrived at was never reduced by the extent of the closing stock of the previous year. It was seen that uniform valuing Rs 4.43 lakh was lying in stock before the beginning of 1999 academic session. However, additional purchase was made for Rs 137.12 lakh. Out of the total stock, uniform valuing Rs 134.46 lakh was distributed leaving the huge stock of uniform valuing Rs 7.09 lakh after the closure of the 1999 academic session. The presumptive assessment of 10 per cent increase in enrolment was also on the higher side as the actual increase in enrolment as compared to the previous year was 5.00, 2.04 and 1.08 per cent during the academic session 1997, 1998 and 1999 respectively. Thus due to a faulty assessment procedure and the presumptive increase by 10 per cent, which was on the higher side, the Department was left with a stock of uniforms worth Rs 7.09 lakh as at the end of 1999 session.

(ii) Expanded Operation Black Board Scheme

The Government of India (GOI) sought (January 1998) a proposal from the State Government to implement the Expanded Operation Black Board Scheme in the State. The scheme was intended for providing teaching and learning equipments to the students of Upper Primary Schools. The Department accordingly submitted a proposal (March 1998) to cover under the scheme 109 and 11 Primary Schools in non-tribal and tribal areas respectively.

The GOI sanctioned and released (January 1999) Rs 49.10 lakh for the purpose. As per scheme guidelines, GOI was to bear the full expenditure of Rs 0.50 lakh per school in the tribal areas. In respect of non-tribal areas, GOI was to bear an expenditure of Rs 0.40 lakh (80 per cent) per school and the balance of 0.10 lakh (20 per cent) was to be met from community participation.

Despite receipt of fund from GOI, the Expanded Operation Black Board Scheme was not implemented in the state

Scrutiny of records revealed that the Department had neither projected the availability of Rs10.90 lakh (109 schools in non-tribal area at the rate of Rs 0.10 lakh per school) from community participation nor was the fact of non-availability etc communicated to GOI. Before and after taking up the scheme for implementation, 20 per cent of fund required for the schools in non-tribal areas was neither arranged through community participation nor released by the Government. Therefore, the possibility of implementation of the scheme in non-tribal areas was restricted to 80 per cent of the cost only. Further, out of the funds received, the Department could utilise only Rs 5.51 lakh during March 2000 towards purchase of library books and registers. An amount of Rs 31.45 lakh was drawn on 31 March 2000 for payment of advance to the State Trading Corporation of Sikkim (STCS) for procurement of teaching and learning materials. However, the cheque issued by the treasury was not paid to the STCS till May 2000 and was retained by the Department.

Thus the scheme for which fund was received in January 1999, could not be implemented till date (May 2000). Besides, in the non-tribal areas the scheme could only be implemented to the extent of 80 per cent.

(iii) Technical Education

Scrutiny of Finance Accounts of the State revealed that the following expenditure had been incurred under Technical Education (Capital Head 4202) as below:

	Upto March 1994	1994-95	1995-96	1996-97	1997-98	1998-1999	1999-2000	Progre-ssive
(Rupees in lakh)								
a) Expenditure on Technical School	23.04	8.00	45.58	1.28	11.71	54.77	11.84	156.22
b)Other Expenditure	16.09	-	-	-	-	-	-	16.09
TOTAL	**39.13**	**8.00**	**45.58**	**1.28**	**11.71**	**54.77**	**11.84**	**172.31**

There was diversion of Rs 110.47 lakh under Technical Education

There being no Technical school in the State till date, the entire expenditure of Rs 172.31 lakh reported under Technical Education was irregular. It may be mentioned that no record in support of such huge expenditure during the years could be made available to audit. Department stated (July 2000) that some schemes which did not relate to Technical Education were sanctioned from the head under Technical Education. It was further seen from the reply furnished that Rs 110.47 lakh spent during the period upto 1998-99 under the provision for Technical Education was diverted for other purposes like renovation of godown, purchase of GCI sheets, establishment of Namchi Degree College, extension of Education Secretariat, peace-survey, architect fee, repair of staff quarters at Bordang, fund transferred to Building and Housing Department for Internet etc. Further, an amount of Rs 50 lakh was paid to the Centre for Scientific Instruments Organisations, Chandigarh as advance during 1998-99 for establishment and setting up of an Advanced Technical Traning Centre (ATTC) at Bordang. No other details of expenditure regarding utilisation could be produced to audit.

(iv) District Institute of Education and Training (DIET) Sikkim

This was a cent percent centrally sponsored programme for the setting up of two DIETs in the State[#] .Funds were provided for civil works, equipments and by way of reimbursement of salaries and training of DIET personnel

[#] One in East District for East and North Districts and one in South District for South and West Districts.

There was non-accountal of Rs 170.79 lakh in Government Account

(a) Out of the total assistance of Rs 244.17 lakh received from the GOI during 1988-89 to 1999-2000, only Rs 73.38 lakh was credited in the government account. There was thus a difference of Rs 170.79 lakh between the funds received and funds accounted for. The reasons for the same could not be stated to Audit. The Department reported to Government of India an expenditure of Rs.130.04 lakh against the Central assistance received. Unspent balance of Rs 114.13 lakh was neither refunded to GOI nor permission to carry forward the same was obtained from GOI as stipulated in the sanction orders of GOI.

(b) Of the assistance of Rs 61 lakh received for civil works for East District, the Department spent Rs 46.87 lakh upto May 1992 for construction of a Teachers Training Institute, hostels and staff quarters on land belonging to Animal Husbandry Department at Tadong. In 1992, the Government decided to construct a referral hospital, to be managed by a private group, on the said land. Accordingly, the land along with partially constructed quarters and hostel building were transferred to the private group in May 1992. In August 1992, the Department raised a demand for Rs100.06 lakh as compensation to be realised from the said private group. Ultimately, an amount of Rs 73.00 lakh was realised from the Health & Family Welfare Department in March 1996. Information on realisation of compensation money, if any, by the Health and Family Welfare Department from the private group was awaited in audit (October 2000).

Compensation of Rs 73 lakh received from the utilisation of Central assistance was diverted for purchase of land which was to be provided by the State Government

An amount of Rs 82.56 lakh (Rs 73.00 lakh compensation amount + Rs 9.56 lakh from budgetary resource of Department) was paid to the District Collector, East in April 1997 towards compensation for land acquisition of 5.90 Acres at Burtuk for construction of Government Law College, SCERT and DIET buildings. One of the conditions attached with the assistance given by GOI for civil works was that land (10 acres) for construction of DIET was to be provided by the State Government and the expenditure towards the land acquisition was not to be met from the assistance received from the GOI. The expenditure of Rs 73.00 lakh towards land compensation was, therefore, in violation of the stipulation of GOI, resulting in diversion of the central assistance.

(c) An amount of Rs 86.25 lakh received in May 1999 for setting up DIET facilities for South and West Districts was yet to be utilised as of July 2000.

(d) 23 academic and 20 non-academic posts for DIET in East District were sanctioned by GOI in October 1988. It was seen that the existing Teachers Training Institute (TTI) in East District was stated to have been upgraded to DIET in 1988-89. Out of 23 academic posts, 9 were shown to have been filled up out of which only one person possessed the requisite qualification as laid down in the Recruitment Rules. In respect of the non-academic posts, 6 out of 20 posts were shown as filled up. On the basis of the number of posts filled up, the Department was claiming reimbursement from GOI and had received Rs 72.47 lakh upto 31 March 2000.

(e) Out of 23 academic and 20 non-academic posts for DIET in East District sanctioned by GOI (October 1988), 9 academic posts and 6 non-academic posts were filled in and reimbursement of pay and allowances were received from GOI upto 31 March 2000 (Rs.72.47 lakh including office expenses).It was seen in Audit that 8 out of the 9 persons who held the academic positions did not possess the requisite qualifications as laid down in the Recruitment Rules.

(f) All the records produced to audit by the Department relating to DIET were incomplete in form and content. Innumerable files have been opened without recording/keeping the complete information relating to the receipt/expenditure of funds, recruitment, upgradation, land acquisition, operationalisation, and present position of DIET. Even during personal discussion with the departmental officers, a clear picture and existing status of the scheme could not be obtained.

3.2.10 Blockage of funds in incomplete works

Rs 993.69 lakh was blocked in incomplete works

There were 43 incomplete capital works in progress on which the Department had expended Rs 993.69 lakh upto 31 March 2000. Against the total estimated cost of Rs 1668.39 lakh for these works which was subsequently revised to Rs 1724.41 lakh, 41 works were to be completed upto 1999-2000. The reason for huge variation between the approved estimates and non-completion of works within the stipulated dates could not be intimated to audit.

Non-completion of the works within the stipulated period resulted in blockade of fund and non-fulfillment of the objectives for which the works were undertaken.

3.2.11 Appointment of unqualified lecturers

Rs 11.52 lakh per annum is being expended on unqualified lecturers

The minimum qualification prescribed by the UGC (effective after 1989) for recruitment to the post of lecturers in colleges affiliated to various Universities was good academic record with at least 55 per cent marks at the Master Degree level in the relevant subject and the candidate should have cleared the National Eligibility Test (NET) for lecturers conducted by the UGC, CSIR or similar tests accredited by the UGC.

Scrutiny of records revealed that 12 lecturers (7 in the Degree College at Gangtok, 4 in Degree College at Namchi, 1 in the Sikkim Government Law College) appointed in a regular capacity during 1993 and thereafter had not qualified in the NET or similar test accredited to the UGC. Out of the 12 cases, in one case (Sikkim Government Law College), the requisite minimum percentage of marks of 55 per cent in the post graduate level was also not fulfilled.

Taking the minimum of Basic Pay and DA as on 1 January 1996 (date of revision of pay scale), the Government is incurring a recurring annual expenditure of Rs 11.52 lakh (Rs 8000/- x 12 x12) towards pay and allowances of lecturers who do not possess the requisite qualification.

3.2.12 Non-reimbursement of expenditure towards pay revision of Lecturers

According to the GOI Notifications of June 1987 (for 1986 revision) and July 1998 (for 1996 revision), the GOI would provide 80 per cent of the expenditure involved in giving effect to revision of pay scales relating to the College Lecturers.

However, while the expenditure in giving effect to the pay revision was being met by the State Government (through budgetary allocations for Education Department), no reimbursement claim for the 1986 revision was preferred by the Department. The financial involvement in this respect could not be worked out as particulars and records were not readily available. During December 1999, the Department preferred a claim of Rs 57.94 lakh to the GOI towards 1996 revision of pay of College Lecturers for the period January 1996 to March 2000. However, the reimbursement was yet to be received (May 2000).

3.2.13 Other points of interest

(i) Irregular utilisation of receipts - Rs 45.97 lakh

In March 1991 the Department authorised the Heads of Institutions to collect and utilise receipts on account of fees, fines, etc. There is no provision in the Sikkim Financial Rules (SFR) under which such departmental receipts could be utilised for departmental expenditure. On the contrary, as per rule 4 of the SFR such receipts should have been brought into Government account without delay.

Institutional receipt of Rs 45.97 lakh was irregularly utilised on institutional expenses

During review it was noticed that neither the District Offices nor the Secretariat/ Directorate maintained any record about the yearwise receipts and expenditure of the institutions under the above heads. Despite specific requisition for production of school records relating to receipts and expenditure, only 7 schools (one SSS in North, two SS and one SSS in South, two SS and one SSS in West Districts) could produce the same. No school from East District could produce any record. It was seen in the case of all the 7 schools which produced their records that yearwise receipt and expenditure statement was not prepared for any year / period. Further, these records were never checked by field officers or any other authority.

On the basis of rates prescribed by the Department and year-wise enrolment of students, the institutional receipts on account of Admission and Games Fee worked out to Rs 45.97 lakh during 1995-96 to 1999-2000. The receipts relating to fines, magazine/examination fee etc could not be worked out due to non-availability of the requisite information and records.

The utilisation of such huge receipts without any provision in the Financial Rules and the non-maintenance of proper records and accounts thereof was irregular. This also circumvented the control of State legislature which would have normally considered and voted for this expenditure.

(ii) Printing of text books

For printing of text books for the academic year 1996, the Department, without inviting tenders through open advertisement, directly invited quotations (September 1995) from 9 dealers for purchase of 80 MT of 60 GSM paper. Out of the 9 dealers, only 5 dealers quoted their rates. On the basis of the lowest rate quoted (Rs 34.15/Kg), supply orders were issued (30 November and 18 December 1995) to a Siliguri based dealer for supply of a total of 74.46 MT of paper within 15 days of receipt of supply order. The supply was completed only on 28 February 1996 and a sum of Rs 27.72 lakh was paid to the supplier (March 1996) for paper. The supplier could not be penalised for the delay as the Department did not incorporate a penalty clause in the supply order. Further, only 19.14 MT of the specified 60 GSM paper was supplied and the balance quantity comprised paper of a sub-standard quality (54GSM to 58 GSM). Due to the substandard quality of paper, the printing of text books was badly affected in quality and contents. The printing work which was to be completed before February 1996 was only finished in August 1996. Due to printing mistakes and rejected books, an amount of Rs 2.47 lakh was deducted from the dues of the private printing press entrusted with the printing work. An amount of Rs 0.69 lakh was also deducted from the printer for delay in completion of the work. Due to delay in printing, the text books which were to be distributed in February 1996 were distributed during September to October 1996, i.e., after 7-8 months of the start of the academic session.

(iii) Maintenance of excess vehicles

Calculated as per the norms prescribed vide State Government Notification issued during March 1984, the Department was entitled to 40 vehicles, against which it was maintaining 49 vehicles (including 3 trucks). The average expenditure per vehicle on repair and POL during the last 5 years was Rs 0.43 lakh per annum. Therefore, the Department was incurring an avoidable and recurring expenditure of Rs 3.87 lakh per year on these excess vehicles. Further, the requirement of distribution of Text Books and Uniforms being seasonal (for 3 months in a year), the necessity of maintaining 3 trucks solely used for the purposes of transporting and distributing these articles was not justified.

3.2.14 Monitoring and Evaluation

i) Inspection on the performance of the individual schools was vested with the Joint Directors of the 4 Districts. The Joint Directors were assisted by the Deputy Directors, Assistant Directors and Assistant Education Officers depending on the standard (upto which classes education was being given) of the individual schools. However, the number of field visits and inspections to be conducted by the field officers were not prescribed and the inputs from the Inspection Reports of Assistant Education Officers had never been used to improve upon the inadequacies in the schools.

The Education programmes and the schemes implemented by the Department had not been evaluated with a view to assess their impact on the quality of education being imparted.

Matter was reported to the Department and Government (June 2000); reply has not yet been received.

FINANCE DEPARTMENT

3.3 SIKKIM STATE LOTTERIES

Highlights

The Government of Sikkim introduced in April 1978 State lotteries with a view to mobilise additional resources for developmental activities.

Major audit findings noticed during the review of lottery operations during 1995-2000 are mentioned below.

Out of face value of Rs. 7573.75 crore of lottery tickets sold in 16033 draws held during 1995-96 to 1999-2000, the net revenue earned by the Government was only Rs. 78.97 crore.

(Paragraph 3.3.5)

Due to acceptance of low percentage of guaranteed profit, the Government had sustained a loss of revenue to the tune of Rs.31.79 crore during 1995-96 to 1998-99.

(Paragraph3.3.4 (b))

Due to acceptance of disadvantageous terms of payment, the distributor retained the cost of tickets for additional 30 days. In 6828 draws, the distributor was allowed belated payments of Rs.1924 crore involving interest of Rs.19.24 crore.

(Paragraph3.3. 4 (c))

Due to acceptance of terms regarding joint ownership to 77 existing lotteries, the Department had to suspend these lotteries from 6 August 1999 resulting in loss of revenue of Rs. 77.73 crore per annum.

(Paragraph 3.3.6)

The Government suffered a loss of Rs. 3.85 crore by providing undue incentive against guaranteed profit.

(Paragraph 3.3.7)

The Department could not realise unclaimed prize money of Rs 1.87 crore lying with the sole distributor.

(Paragraph 3.3.9)

The Government suffered loss of Rs 19.17 crore in 12097 draws as the benefit on account of expenditure towards miscellaneous expenses was passed to the Sole Distributor.

(Paragraph3.3.10)

3.3.1 Introduction

To mobilise additional resources for the developmental activities in the State, the Government of Sikkim introduced the Sikkim State Lotteries with effect from April 1978.

Prior to May 1994, the lottery schemes were run by the Government by entering into an agreement with an organizing agent who had the responsibility of formulating the schemes. Under the agreement, the Government revenue was a fixed fee calculated as a percentage of annual turn over (ranging upto one per cent) with provisions for prorata enhancement proportionate to increase in turn over exceeding a specified amount. The organizing agent retained the unclaimed prize amounts.

The Supreme Court (SC) in its ruling of April 1994 defined the following four essential characteristics of a lottery organised by the State:

1. The tickets must bear the imprint and logo of the State and must be printed by or directly at the instance of the State Government in such a manner that the authenticity of the lottery ticket is ensured;

2. The State itself must sell the tickets, though if it thinks necessary or proper to do so, through a sole distributor or selling agent or several agents or distributors under terms and conditions regulated by the agreement reached between the parties. The sale proceeds of the tickets either sold in retail or wholesale shall be credited to the public account of the Government;

3. The draws for selecting the prize winning tickets must be conducted by the State itself; and

4. If any prize money is unclaimed or is otherwise not distributed by way of prize, it must revert to and become the property of the State Government.

In view of the ruling of the Apex Court and in order to qualify as a Government organised lottery, the Government terminated the subsisting agreement with the organizing agent which was valid upto 31st March 1995 and executed (28 April 1994) a fresh agreement with him, appointing him as the Sole Distributor (SD "A")[•] for 5 years with effect from 6 May 1994. Based on the hearing of a public interest litigation, the High Court of Sikkim directed the State Government to continue with the SD "A" for further period of 3 months from 6th May 1999 to 5th August 1999. Thereafter based on competitive tenders, the Government selected the highest bidder and appointed him as Sole Distributor (SD "B")[#] on 26 July 1999 through an agreement effective from 6 August 1999 for a period of 3 years.

3.3.2 Organisational set up

The Director of State Lotteries is under the control of the Finance Department, Government of Sikkim. The Directorate is headed by a Director, assisted by Addl. Director (Accounts) and an Accounts Officer at Gangtok. In addition, the Resident Commissioner, Sikkim House, New Delhi also functioned as the Special Commissioner (Lotteries). He received the sale proceeds of tickets and made payments to the printers. All draws were held at the Directorate at Gangtok in the presence of judges appointed by the Government.

3.3.3 Audit Coverage

The working of the Directorate of Sikkim State Lotteries (DSSL) covering the period from 1995-96 to 1999-2000 was reviewed in Audit during March-May 2000 by test check of records maintained at Directorate, Gangtok and in the

[•] SD "A"- K & Company, New Delhi
[#] SD "B"- Martin lottery Agencies limited, Coimbatore

office of the Special Commissioner (Lotteries) at New Delhi. The important points noticed during the test check are mentioned in the succeeding paragraphs.

3.3.4 Agreements entered into with SD'A'

Scrutiny of agreement revealed the following:

(a) The pre 1994 agreement with SD "A" was valid upto 31st March 1995. In the wake of the ruling of Supreme Court, the Government cancelled it and executed a new agreement (April 1994) valid for 5 years. The Government could have restricted the validity of the new agreement to one year and gone in for open tendering thereafter for obtaining competitive rates. This was not done.

(b) In the 1994 agreement, only 0.5 per cent guaranteed government profit on the turnover was provided as against 1 per cent guaranteed government profit prevailing prior to 6 May 1994. Had the Government maintained even the same level of guaranteed profit, it would have received a revenue of Rs 63.58 crore during the period 1995-99 as against Rs 31.79 crore it actually received. Even Government's liability of cost of printing of tickets was not taken into account while fixing lower guaranteed profit in 1994 considering that all such costs of printing tickets were borne by the Sole Distributor prior to May 1994. In reply, the Department stated (October 2000) that even 0.5 per cent of revenue earned by the State of Sikkim was the highest amongst the North Eastern States. The reply was silent on the reasons how 0.5 per cent was arrived at in the agreement of 1994 as against 1 per cent that was prevailing in the earlier agreement, which was terminated.

(c) As per clause 6 of the agreement, the payment for the tickets sold by the State Government to SD shall be received as follows:

i) 35 per cent of the sale consideration after 14 days of delivery of tickets;

ii) 35 per cent of the sale consideration after 21 days of delivery of tickets; and

iii) the balance 30 per cent after 35 days of delivery of tickets.

However, clause 6 also provided that in case the payments are not made as per the above schedule, the Government shall, in addition to the right to refuse any further sale of tickets to the SD, be entitled to charge interest at the rate of 12 per cent per annum commencing 30 days after such due dates until the actual payment. Thus in effect, SD was given an additional grace period of 30 days at each stage of the above payment schedule.

SD was allowed additional grace period of 30 days.

Test check of records of tickets delivered and the payments received by the Directorate in respect of 6828 draws during 1994-95 to 1999-2000 revealed that SD taking advantage of this concession in the agreement, released the payments after 30 days grace period. Thus due to allowing additional period of 30 days, the SD was extended undue benefit of retention of Government dues. It was revealed that in 6828 draws, the distributor retained Rs.1924.04 crore on account of sale proceeds of tickets. Had this amount been paid to the Directorate within 14,21 and 35 days, Government would have earned interest of Rs.19.24 crore at the rate of 12 per cent per annum calculated for 30 days. The agreement was therefore, defective and the additional grace period of 30 days allowed was totally unjustified.

In reply, the Department stated (October 2000) that Agreement being entered by the State Government during 1994 was examined by a Committee consisting of Chief Secretary, Principal Secretary Finance, Secretary Law and the Advocate General apart from the Director, Lotteries. As per the expertise available, this was the best possible agreement and provision were made keeping in mind the need to promote Sikkim Lotteries and increase its All India sale.

The fact however remained that the additional grace period allowed postponed the due dates of payment, in effect.

Despite rise of turnover, amount of guarantee remained same

(d) The SD "A" had furnished bank guarantee of Rs 2 crore as per the agreement of April 1994 against a minimum turnover of Rs 525 crore. The turnover rose to Rs.2208.40 crore in 1998-99. There was no provision in the agreement for proportionate enhancement of the bank guarantee with rise of the annual turnover as was provided in the agreement of July 1999 with SD "A".

In reply, the Department stated (October 2000) that the bank guarantee was taken as a minimum precaution and apart from this there were other safeguards like release of tickets only on submission of the payments of the previous month. The reply is in the nature of rationalization as the safe guards mentioned by the Government are equally valid in case of agreement with SD "B" also where Bank guarantee proportionate to turn over was introduced in 1999.

No certified accounts of SD submitted to DSSL

(e) There was no provision in the agreement for upkeep and maintenance of proper books of accounts and audit of the same by a Chartered Accountant as was provided in the agreement with SD "B" in 1999. It was not made mandatory for any SD to submit certified accounts to DSSL in any of the agreements. Consequently, DSSL was not in a position to verify receipt and expenditure of the lottery business of SDs .

In reply, the Department stated (October 2000) that the Government is concerned to the extent of remittances of sale proceeds and other dues payable to the Government. The reply did not elaborate how this could be ensured as there was no provision in the agreement for access to such audited accounts.

3.3.5 Financial Performance

(a) During the period from 1995-96 to 1999-2000, a total of 16033[#] lottery draws were held. Based on various records viz monthly accounts, Finance Accounts and turnover register of Directorate of State Lotteries, the table below shows the total turnover of the draws, actuals sale proceeds (inclusive of prize money, printing cost, guaranteed profit and draw expenses) at which the ticket were sold to the SDs and the amount remaining with the SDs:

(i) Total face value of tickets printed : Rs 7573.75 crore

(ii) Less the actual sale proceeds

realised from the SDs and

credited to Government account

(including printing charges, draw expenses, guaranteed profit, taxable prize and unclaimed prize money) : Rs 4303.62 crore

Total amount available with SD : Rs 3270.13 crore

The sale proceeds taken into Government account and expenses made towards printing, prizes, administration etc. for the period 1995-96 to 1999-2000 were as follows:

Year	Gross receipts*	Expenditure*	Net revenue
	(Rupees in crore)		
1995-96	602.27	591.92	10.35
1996-97	801.66	789.99	11.67
1997-98	900.80	886.80	14.00
1998-99	993.03	977.99	15.04
1999-2K	1005.87	977.96	27.91
Total	4303.63	4224.66	78.97

*** Based on Finance Account of the State in the respective years**

The net revenue of the Government during the entire period was only Rs 78.97[♣] crore out of a total face value of tickets of Rs 7573.75 crore which worked out to 1.04 per cent. This compared poorly with 15 per cent Government profit envisaged by GOI guidelines of 1984. In reply, the Department stated (September 2000) that guidelines issued during 1984 was only a working guideline in absence of prescribed rules and it was not mandatory. The fact however, remains that the gap between what was envisaged in the Government of India guidelines and what was achieved was too wide.

There was delay in depositing the cheque/revenue

b) During the test check of receipts relating to the sale of lottery tickets during May 1995 to July 1999, it was seen that 96 cheques amounting to Rs.206.23

[#] **Based on the records of DSSL**

[♣] **Rs 59.44 crore guaranteed profit + Rs 19.53 crore unclaimed prizes** crore issued to the Special Commissioner, Lotteries, New Delhi by SD “A” during May 1995 to July 1999 were deposited late in the Bank and led to consequent delay in crediting in government accounts. The delay ranged from 4 days to 21 days. The delayed depositing of these cheques into Government account benefited the Distributor to the order of Rs.64.76 lakh (on account of interest earned by him at the rate 12% per annum) and caused loss to the Government to that extent.

In reply, the Department stated (October 2000) that there is no default on the part of SD ‘A’. However, the delay in depositing the cheques into Bank has been noted for future guidance. The Department further stated that the delay in realisation of proceeds of cheques from 4 days to 21 days will not give any benefit to the SD ‘A’ as once the cheque is issued by him, he is required to keep balances with the banker; besides no bank gives interest at rate of 12 per cent for a period ranging from 4 to 21 days.

The justification does not condone the delay of the Department in depositing the cheques in the bank for prompt credit of the amounts into Government revenue.

No initial record was maintained by the Department

c) Test check of bills, weekly payment schedules and bank scroll revealed that the sale proceeds were received by the DSSL, Gangtok / Delhi weekly from the Sole Distributors. The SDs made payments after retaining the amount to be distributed by them for all prizes upto Rs 5000. Thus Directorate received the net sale proceeds only as the amount was worked out after deducting the total amount of prizes upto Rs 5000. Subsidiary ledgers showing scheme wise/draw wise records of receipt and expenditure were not maintained and in absence of the same day to day transactions could not be cross checked with reference to the details of individual draws involved. Further, the accounts of special commissioner were also not reconciled with the DSSL

In reply the Department stated (October 2000) that proper invoices were raised by the office of the Special Commissioner (Lotteries) New Delhi and amount have been realised as per the invoices raised. Detailed records of transaction have been loaded and available in the computer of the special Commissioner (Lotteries) at New Delhi.

The reply is however silent on the audit observation that no draw wise / scheme wise subsidiary ledgers / registers were maintained to record gross receipt and expenditure there to.

3.3.6 Arbitrary action leading to loss of potential revenue

On the plea of SD “A” that some unhealthy practices had cropped up in market and it was necessary to protect their business interest, a certificate was issued by the Finance Secretary on 27 May 1989 in respect of 10 lottery schemes in operation at that time to the effect that the proprietary rights of these 10 lotteries were jointly held by the Government and the Organizing

Agent, i.e. SD "A". Subsequently, a clause to the effect that the existing as well as the newly added schemes will be the joint property of the Government and the Organizing agent was also incorporated in the pre 1994 Agreement (Clause 3 of the Agreement dated 28 July 1993). The Government however subsequently contested the joint ownership and the matter went before arbitration. As the ownership of the existing lotteries was still under consideration of the Arbitrator at the time of preparation / issue of the notice inviting fresh bids, the Department excluded the existing schemes (which have risen to 77) from the purview of tenders in July 1999 and had to go for 28 new lotteries schemes

The Department without considering the consequences had issued certificate and inserted subsequent clause in the agreement leading to loss of potential revenue.

Thus, due to issue of the certificate and subsequent insertion of the clause in the agreement of July 1993 with SD "A" without considering the consequences, the Department had to forego operation of 77 lotteries which could have generated a potential revenue of Rs 77.73[#] crore on turnover of Rs.1466.67 crore during the period from 6 August 1999 to 31 March 2000.

In reply, the Department stated (October 2000) that the matter regarding Trade Mark Rights of 77 lotteries is pending before the High Court of Sikkim and it is premature to comment any thing on the issue unless the judgement is pronounced by High Court.

The fact however, remains that the Department had already suffered loss of potential revenue as it could not operate the 77 lotteries due to issue of a certificate on 27 May 1989 to the effect that the proprietary rights of the lotteries were jointly held by the Government and SD 'A' and the inclusion of such a clause in the agreement of 28 July 1993.

3.3.7 Undue benefit to SD "B"

As per the agreement, SD "B" undertook to pay a guaranteed profit of 5.3 per cent on a minimum annual turnover of Rs 300 crore. However, in September 1999, citing various difficulties, SD "B" sought incentives by way of reduced rate of guaranteed profit beyond the turn over of Rs 300 crore The matter was referred to a Committee which recommended the following incentive scheme for the distributor (October 1999).

Turnover	Per cent of Government profit
Upto Rs 300 crore	5.3
Rs 301 crore to Rs 1000 crore	2.65
Rs 1001 crore and above	2.20

In making the recommendations, the Committee was of the view that the turnover of lottery schemes after availing of the above incentive should not come below Rs 1000 crore. In other words, SD "B" could avail the above incentive only after attaining a minimum turnover of Rs 1000 crore per year.

[#] Calculated @ 5.3 per cent guaranteed profit obtained by Government in 1999.

The Law Department endorsed the proposal and the scheme was approved by the Chief Minister in December 1999.

Scrutiny of records revealed that from 6 August 1999 to 5 August 2000, the Directorate sold lottery tickets to SD "B" with a face value of Rs 445.95 crore (turnover). Based on the revised incentive scheme approved by the Government, the DSSL worked out guaranteed profit of Rs 19.75 crore (at the rate of 5.3 per cent on Rs 300 crore and 2.65 per cent on Rs 145.45 crore). However, SD "B" was ineligible for this incentive as, as per the Committee's recommendations, this would be available to the distributor only on attaining a turnover of Rs 1000 crore. Thus the deviation from the conditions as laid down by the Committee caused a loss of Rs 3.85 crore (calculated at 5.3 per cent) to the Government on the turnover exceeding Rs 300 crore and gave undue benefit to SD "B" to that extent.

In reply the Department stated (October 2000) that the distributor (s) shall pay Government revenue @ Rs 5.30 per cent upto Rs 300 crore at the first instance, thereafter pay revenue @ Rs 2.65 per cent on additional turnover achieved in excess of Rs 300 crore, i.e. Rs 301 to Rs 1000 crore and at 2.20 per cent on turnover exceeding Rs 1001 and above. The reply is not acceptable as the Committee had clearly stipulated in its recommendation which was duly accepted by Government that distributor was eligible to the rate of 2.65 per cent only if his turnover does not come down below Rs 1000 crore.

3.3.8 Printing of lottery tickets

Prior to 6 May 1994, the lottery tickets were being printed by the Organising Agent. After execution of a new agreement with SD "A" effective from 6 May 1994, the Directorate were required to make its own arrangement for printing tickets as per the judgement of the Supreme Court. Test check of 104 bills between May 1994 and October 1996 revealed that the Directorate purchased 3760.36 tonnes of paper at a cost of Rs 12.47 crore without calling for any quotation / tender. As a result, the reasonability of rates could not be ascertained in audit.

3.3.9 Non-realisation of unclaimed prizes of Rs 1.87 crore

As mentioned in paragraph 3.3.1, the High Court of Sikkim during hearing of Writ Petition No.518 of 1998• passed an interim order on 24 April 1999 allowing renewal of the existing agreement with SD "A" for a period of 3 months from 6 May 1999 to 5 August 1999 on the following terms and conditions:

•**Filed by Shri K.C.Pradhan**

(i) SD "A" shall guarantee a minimum net return to the State of Rs.10 crore for the aforesaid period of 3 months;

(ii) The fresh agreement shall be consistent with the provisions of Section 4 of the Lottery Regulation Act 1998; and

(iii) The amount of Rs 10 crore will be deposited by SD 'A' with the State Government in twelve equal weekly instalments starting from 6 May 1999.

SD "A" accordingly deposited the amount of Rs 10 crore with the Government and continued as Sole Distributor of the 77 existing lotteries upto 5 August 1999.

The Department had not recovered Rs 1.87 crore towards unclaimed prize

Section 4(f) of the Lotteries (Regulation) Act, 1998 stipulates that unclaimed prizes are to revert to Government. The Directorate accordingly raised a claim of Rs 1.87 crore in February 2000 and issued a reminder in April 2000 towards the amount of unclaimed prizes upto Rs 5000 lying with SD "A" for the above 3 months. The Sole Distributor claimed that the remittance of Rs 10.00 crore was inclusive of unclaimed prizes as per order (24 April 1999) of the High Court of Sikkim. The Department had not pursued the matter further.

3.3.10 Inadmissible deduction towards miscellaneous expenses

The Department had given undue benefit to SD on miscellaneous expenses

There was no provision in the 1994 agreement for deduction of any amount towards miscellaneous expenses from out of prize-winning tickets. However, as per terms and conditions printed overleaf on each ticket, out of first prize an amount equal to 20 per cent and for the remaining prizes above Rs 5000 an amount ranging between 10 to 15 per cent was to be deducted towards miscellaneous expenses. This was accordingly being done by DSSL. Out of 12097 draws test checked in audit, in 5581 draws involving deduction towards miscellaneous expenses from the various prizes on offer, an amount of Rs. 19.17 crore **(Appendix-XIV)** was deducted on this account which entirely passed on to the SD "A" as they had purchased the tickets at wholesale rates reduced by this extent. As the agreement with the SD"A" did not provide for any payments to be made to them on account of miscellaneous expenses, the benefit given to them was totally unjustified and amounted to conferring them extra profits which was totally outside the scope of the agreement.

In reply, the Department stated (October 2000) that the pattern of incorporating clause for miscellaneous deduction is the fashion of the lottery trade which has been adopted by all the state run lotteries since its inception. The question of profit making out of the prize component in Lottery trade is not possible.

The reply is not acceptable as benefit towards the deduction was given to the SD "A" outside the scope of the 1994 agreement.

3.3.11 Conclusion

Deficiencies in conducting lottery cost substantial loss to the Government

The lotteries conducted by the Government during the period from 1995-96 to 1999-2000 suffered from several deficiencies, which ultimately caused delay in realisation of government dues and loss of revenue. Deductions towards miscellaneous expenses benefited the Sole Distributors only. Acceptance of lower guaranteed profit deprived the Government of substantial revenue during 1995-96 to 1998-99. Due to issue of certificate regarding joint ownership of 77 lotteries and incorporation of clause in the agreement to that effect, the Government had to discontinue these lotteries from 6 August 1999 foregoing substantial potential revenue. Even substantial unclaimed prize money pertaining to the period from 6 May 1999 to 5 August 1999 has not been realised. Moreover, the Department suffered loss providing undue incentive against guaranteed profit by deviating from the conditions laid down by Expert Committee. A comprehensive monitoring system is essential for effective control over lottery activities to safeguard the interest of the Government.

FOREST DEPARTMENT

3.4 WORKING OF INTEGRATED WASTELAND DEVELOPMENT PROJECT FOR ECO-RESTORATION AND AFFORESTATION

Highlights

For treatment of watersheds, afforestation in degraded forests, increasing production of fuel wood and fodder, soil and moisture conservation, augment drinking water requirements etc, the Forest Department was implementing Integrated Wasteland Development Project (IWDP) and Integrated Afforestation and Eco-Development Project (IAEP). In implementation of the project during 1994-95 to 1999-2000, there were infructuous expenditure, deviation from work programme, injudicious expenditure, deprival of farmers of the intended benefits, excess expenditure, irregular expenditure and diversion of fund.

There was an infructuous expenditure of Rs 33.49 lakh due to unnecessary excess execution of advance work in 1031 hectares under different components in 5 watershed projects.

(Paragraph 3.4.7(a))

The survival of plantation carried out in 506 hectares at a cost of Rs 29.51 lakh in 2 watershed projects remained unassessed..

(Paragraph 3.4. 7(b))

Execution of plantation works valuing Rs 75.82 lakh in 2 watershed projects covering 1098 hectares of reserve forest instead of private and degraded community lands resulted in deviation from work programme making the objectives of the scheme frustrated.

(Paragraph 3.4.7(c)(i))

Under Rongpochu watershed project, protective works and fodder plantations carried out in private land holdings instead on recorded forest land incurring expenditure of Rs 12.58 lakh proved to be injudicious expenditure.

(Paragraph 3.4.7(c)(ii))

In 4 watershed projects, due to unauthorised diversion of overhead fund amounting to Rs 14.47 lakh for execution of other components of the project, the Department could not create mass awareness among the rural people.

(Paragraph 3.4. 7 (c)(iv))

Under Rongpochu watershed project, the entire expenditure of protective works executed in private land holdings was released to muster roll labourers without segregating material cost, job over head and contractor's profit included in the analysis of schedule of rate resulted in excess expenditure Rs 6.50 lakh.

(Paragraph 3.4.7(d))

3.4.1 Introduction

The National Wasteland Development Board (NWDB) was set up in May 1985 under the Ministry of Environment and Forest (MEF), Government of India. The Board launched a Centrally Sponsored Scheme "Integrated Wasteland Development Project" (IWDP) during 1989-90 with the twin objectives of proper land use and the development of wastelands in India. In July 1992, the NWDB was restructured into two Boards viz. (i) National Wasteland Development Board and (ii) National Afforestation and Eco-Development Board.

The National Wasteland Development Board (NWDB) is under the administrative control of the Ministry of Rural Areas and Employment (MRAE) and is responsible for implementing the IWDP in non-forest lands and private wastelands including community wastelands.

The National Afforestation and Eco-Development Board (NAEB) is under the administrative control of the Ministry of Environment and Forest (MEF) and is responsible for carrying out the IWDP functions in the degraded forest areas like Reserve Forest, Khasmal, Goucharan etc under the scheme named as 'Integrated Afforestation and Eco-Development Project"(IAEP)

In Sikkim, 18 schemes under IWDP and IAEP covering an area of 52693 hectares were taken up by the State Forest Department during the period from 1990-91 to 1999-2000 (8 watershed projects covering 35323 hectares under NWDB funded by MARE and 10 watershed Projects covering 17370 hectares under NAEB funded by MEF).

The aims and objectives of the schemes were: treatment of Watershed through integrated approach like afforestation in the degraded forest, khasmal, goucharan, and village community land; increase the production of fuel wood and fodder; soil and moisture conservation; construction of small water harvesting structures for micro watersheds during the lean period ; encourage participation of the local people in formulation and implementation of the project and provide wage employment to the weaker section of the village society for overall improvement in their socio-economic condition.

3.4.2 Organisational set up

The project was implemented by the Forest Department of the Government. The Principal Chief Conservator of Forest-cum-Secretary of the Forest Department had the overall responsibility for formulation and implementation of the project at the state level. At field level, the works were executed by Block Officers (BO) and Range Officers (RO) under the supervision of the Divisional Forest Officers ((Project Implementing Authority (PIA)) who reported to the Conservator of Forest of the respective circles.

3.4.3 Audit Coverage

Out of 18 projects covering an area of 52693 hectares taken up in the State (East District-5 nos, North District-3 nos, South District-7 nos and West District-3[#] nos), 8[*] (eight) projects implemented from 1994-95 to 1999-2000 accounting for 65 per cent of the total expenditure and covering 23678 hectare of the project area were selected for audit scrutiny. The records maintained in the offices of the Divisional Forest Officers (PIAs) of Land Use and

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Out of the 3 projects in West District, none were examined by audit as 2 projects were completed prior to review period and implementation of 1 project was transferred to Zilla Panchayat.

* Rongnichu Watershed Project, DFO (LUE) of East District, Gangtok
Rangpochu Watershed Project, DFO (IWDP) of East District, Gangtok
Takchamchu Watershed Project, DFO (Territorial) of East District, Gangtok
Naga Kazor Watershed Project, DFO (LUE) of North District, Mangan
Dzongu Watershed Project, DFO (LUE) of North District, Mangan
Tingmo-Ben Watershed Project, DFO (Social Forestry) of South District, Namchi
Turung Namthang Watershed Project, DFO (LUE) of South District, Namchi
Pabong Watershed Project, DFO (LUE) of South District, Namchi)

Environment Divisions in the East District (Gangtok), North District (Mangan), South District (Namchi), IWDP Division and Territorial Division in the East District (Gangtok) and the Social Forestry Division in the South District (Namchi) were test checked during April-May 2000. The results of the review are described in the succeeding paragraphs:

3.4.4 Financial outlay and expenditure

The source of excess expenditure of Rs 8.57 lakh was not on record

The watershed projects were cent per cent financed by the Government of India (GOI) in the form of grants-in-aid. Against the funds of Rs 1271.81 lakh released by GOI the Department had spent Rs 1280.38 lakh on the 8 watershed projects during the years 1994-95 to 1999-2000. The project-wise cost approved by the GOI and expenditure incurred thereagainst were as under:

Name of watershed project	Project Period	Project cost approved by GOI (Rs)	Fund released by GOI (Rs)	Expenditure* (Rs)						Total (Rs.)	Excess (+) / saving (-) (Rs)
				94-95	95-96	96-97	97-98	98-99	99-00		
											(Rupees in lakh)
Rongnichu	95-96 to 99-00	333.66	333.66	-	138.45	100.93	38.72	35.06	20.52	333.68	(+) 0.02
Rangpochu (Ph-III)	97-98 to 01-02	592.20	297.89**	-	-	-	14.51	168.44	116.40	299.35	(+) 1.46
Takchamchu	95-96 to 96-97	99.30	99.30	-	63.11	35.91	-	-	-	99.02	(-) 0.28
Naga Kazor	95-96 to 98-99	155.55	148.59	-	75.28	36.52	36.59	6.96	-	155.35	(+) 6.76
Dzongu	97-98 to 01-02	203.44	117.62**	-	-	-	0.47	82.90	36.60	120.03	(+) 2.41
Turung-Namthang	95-96 to 98-99	93.09	93.09	-	54.69	20.79	5.26	12.28	-	93.02	(-) 0.07
Tingmo-Ben	95-96 to 97-98	89.62	89.62	-	60.41	24.74	4.73	-	-	89.88	(+) 0.26
Pabong	94-95 to 96-97	92.04	92.04	77.04	9.91	3.10	-	-	-	90.05	(-) 1.99
TOTAL	**-**	**1658.90**	**1271.81**	**77.04**	**401.85**	**221.99**	**100.28**	**305.64**	**173.58**	**1280.38**	**(+) 8.57**

* As worked in Detailed Appropriation Accounts of the respective years.

** Funds released by the GOI and expenditure incurred by the watershed projects pertains to three years period from 1997-98 to1999-2000. At present these projects are ongoing.

3.4.5 Planning

For development of wasteland in the State, project reports for treatment of individual watersheds were to be prepared by the PIAs on the basis of guidelines fixed by the GOI. After the project reports were approved by the GOI, the programme was to be implemented by the PIAs through treatment of individual watersheds with an integrated approach towards the watershed development.

The following planning defects were noticed in audit:

No detailed survey of the wastelands in the State was ever undertaken by the Department

(i) All the 8 watershed project reports were prepared by the Department on the basis of old data (1988) obtained from Indian Remote Sensing Satellite

Agency and reports and papers prepared by individuals and different agencies between 1988 and 1990. No detailed survey to update the existing data in respect of the wastelands in the State was undertaken by the Department with reference to soil condition, vegetal cover, extent and nature of erosion, the intensity of grazing and about the occupants of the areas.

(ii) The project reports did not consider relevant issues like feasibility, sustainability and productivity nor was cost benefit analysis of the project carried out.

(iii) Norms for the mortality rate of the plantations to be established under the projects had not been worked out or incorporated in the project reports prepared by the Department as required under GOI guidelines.

3.4.6 Physical Performance

(i) The project-wise position of expenditure booked, total target fixed by the GOI, achievement reported to GOI vis-a-vis actual achievement ascertained in audit with reference to the measurement books and other records produced to audit, are shown below:

Name of the watershed Project ↔	Total target fixed by GOI for development of waste land (Hectare)	Achievement reported to GOI (Hectare)	Actual achievement ascertained in audit (Hectare)	Short fall with percentage in bracket (Hectare)	Total expenditure incurred (Rs.in lakh)
Rongnichu	7425	7425	4144	3281 (44%)	333.68
Rangpochu*	3450	3450	3450	-	299.35
Takchamchu#	1700	NA	1510	-	99.02
Naga Kazor	3513	3513	1994	1519 (43%)	155.35
Dzongu*	1300	1300	1310	-	120.03
Turung Namthang	1860	1860	1069	791 (43%)	93.02
Tingmo Ben	1770	1770	1228	542 (31%)	89.88
Pabong	1760	1760	1236	524 (30%)	90.05

*** As these 2 projects are ongoing, hence shortfall has not been calculated in audit.**

Achievement reported was not on record; for which shortfall could not be calculated.

↔ Area covered under all plantation work like natural regeneration, afforestation, silviculture and fruit plantations are taken in the table.

There was incorrect reporting of physical achievements to GOI

The PIAs while submitting the annual progress report to the GOI in respect of 5 watershed projects stated that 100 per cent physical target fixed by the GOI had been achieved. However, the actual achievement with reference to measurement recorded in measurement books as seen by audit revealed that there was shortfall in achieving physical target under different projects. The percentage of shortfall ranged from 30 percent to 44 per cent. This led to incorrect reporting of physical achievements to GOI.

Despite 100 per cent rise in the wage rate, the Department did not intimate the GOI for which the physical scope and financial outlay of the projects underwent a change

In all the 8 projects, the wage component was the major part of the cost. The labour component of the estimates was prepared on the basis of the wage rate prevailing prior to 1995. The wage rate increased from Rs. 20/- to Rs. 40/- per day with effect from April 1995. Although wages were paid at the enhanced rate from April 1995, the projects were executed at the original estimated cost by reducing the scope of activities under the projects. The Department did not take up the matter with GOI for revision of the cost of the projects.

3.4.7 Implementation of Projects

a) Infructuous expenditure due to unnecessary and excess execution of advance work

There was excess execution of advance work

The advance work constitutes items like preparation of site, jungle clearance, removal of unwanted growth, debris, digging of pits, collection and carriage of cow dung and leaf manure etc. As per approved work programme issued by the GOI, the ratio between the advance work and creation of plantations under the component of afforestation, pasture development, fruit plantation and agroforestry was to be in equal hectares. In 5 watershed projects, as below, the department carried out advance work at a cost of Rs. 33.49 lakh in 1031 hectares over and above the need for plantation actually created under afforestation, pasture development, fruit plantations and agroforestry during 1995-96 to 1999-2000 :

Name of watershed Project	Component	Advance work actually done (in Hectares)	Plantation created	Excess advance work done (in Hectares)	Value of excess advance work (Rs in lakh)
Tingmo Ben	Afforestation	390	280	110	4.46
	Agro forestry	119	5	114	3.83
	Fruit plantation	64	25	39	1.31
Nagakazor	Afforestation	588	565	23	0.93
	Pasture development	563	189	374	12.55
Takchamchu	Afforestation	876	730	146	5.87
Rognichu	Fruit plantation	703	603	100	2.02
Dzongu	Pasture development	325	200	125	2.52
TOTAL		**3628**	**2597**	**1031**	**33.49**

The Department thus incurred an unjustified expenditure of Rs 33.49 lakh on excess execution of advance works, which proved to be infructuous.

The Department stated (September 2000) that advance work done for plantation in a particular spot were to be redone after some period which was due to abnormal delay in release of funds from the GOI causing repetition of advance work. The Department did not incur additional expenditure in such jobs but restricted its action within the inbuilt estimate. The reply was not tenable because initial advance work was to be done with reference to the plantations that would be carried out subsequently. Further, the initial advance works and plantation works was to be done on the basis of availability of funds with proper planning so as to avoid repetition of advance work needing extra labour and expenditure.

b) Physical shortfall in maintenance of plantations

Despite excess expenditure on maintenance, survival of plantations grown on 506 hectares remained unassessed

The success of plantation depends upon proper maintenance. As per the approved work programme, first and second weeding was required to be carried out for afforestation works. In 2 watershed projects, as below, out of the total plantation of 1610 hectares, maintenance activities of 1st and 2 weeding was carried out only in 1104 hectares during 1995-96 to 1999-2000. The balance plantations grown on 506 hectares remained without maintenance, although the entire provision of Rs 16.62 lakh for the maintenance of plantation had been exceeded by Rs 0.59 lakh. This resulted in shortfall in achieving the prescribed level of maintenance of plantations. Besides, its impact on the survivability percentage of the plantations carried out at a cost of Rs 29.51 lakh on 506 hectares remained unassessed.

Name of watershed Projects	Component	Planta-tion done (in Hectares)	Maintena nce done (in Hectares)	Plantation remaining without maintenance (in Hectares)	Rate of plantation @ Rs.per Hectare	Value of plantation (Rs.in lakh)	Fund provision under maintenance (Rs.in lakh)	Actual expenditure incurred for maintenance (Rs.in lakh)
Rongnichu	Afforesta-tion	1292	895	397	6300	25.01	13.44	13.45
Naga kazor	Natural Regener-ation	318	209	109	4125	4.50	3.18	3.76
TOTAL		**1610**	**1104**	**506**		**29.51**	**16.62**	**17.21**

c) Irregular execution of works not covered under the programme

Rs 75.82 lakh was incurred on works beyond the ambit of programme

(i) In 2 watershed projects approved by GOI (MRAE) as below, the afforestation and pasture development works were to be carried out on 1780 and 818 hectares of private lands and degraded community lands respectively. Instead, the respective PIAs executed the work in reserve forests covering only 1098 hectares incurring an expenditure of Rs 75.82 lakh during 1994-95 to 1999-2000. The plantation works to be carried out in reserved forest are to be funded by MEF and utilisation of funds provided by MRAE on reserve forests was irregular. Even though the work was done in an area other than the area for which the scheme was approved, the Department was silent on the shifting of the scheme while reporting the achievement to MRAE. Furthermore, the Department reported cent per cent achievement of target, while plantation was done only in 1098 hectare out of targeted 2598 hectare as shown below:

Name of the Watershed Projects	Components	Plantation to be done on private/ community lands (in hectares)	Plantation done in reserved forests.	
			Area (in hectares)	Expenditure (Rs. in lakh)
Nagakazor	Afforestation	1110	588	51.50
	Pasture Development	818	25	1.95
Pabong	Afforestation	670	485	22.37
TOTAL		**2598**	**1098**	**75.82**

(ii) As per the guidelines issued by the GOI (MEF), the project area was to be confined to recorded forestland and may be extended to adjoining areas, excluding private lands. The Rongpochu watershed project report as approved by GOI (MEF) envisaged pasture development/fodder plantation work to be done in the Goucharan forest of lower elevations and also in degraded reserve forest of higher elevations. However, it was seen that the PIA made cash payments ranging from Rs 108 to Rs 540 (total expenditure of Rs 4.55 lakh) to 1308 individuals for pasture development works carried out by them on their private land. Further, protective works at a cost of Rs 8.03 lakh were carried out on private land holdings of 43 individuals. Since works on private land was expressly forbidden under the programme, the entire expenditure of Rs 12.58 lakh was irregular.

There was diversion of fund to the extent of Rs 12.58 lakh beyond the approved work programme

The Department stated (September 2000) that the degraded community lands and private lands ran contiguous to the reserve forest areas and resultantly afforestation works were carried in degraded forest areas as per necessity. Sometimes minor site deviations in course of project implementation became unavoidable. The reply was not tenable as work was required to be executed in proper demarcated forest areas excluding private areas as per approved work programme.

(iii) Irregular execution of agro-forestry plantations on forest and khasmal lands

The project beneficiaries were deprived of the intended benefits

The agroforestry component under Tingmo-Ben watershed project as approved by GOI (MRAE), envisaged rejuvenation of 270 hectares of privately held degraded cardamom fields of cultivators by planting cardamom seedlings. However, the PIA carried out agroforestry plantations in forest and khasmal covering an area of 102 hectares and incurred an expenditure of Rs. 3.86 lakh during 1995-96 to 1997-98. The project beneficiaries were thus deprived of the benefits of the project due to execution of agro forestry plantation works on lands not included within the scope of the approved work programme.

The Department stated (September 2000) that due to delay in finalisation of project, most of the villages had carried out the plantation jobs on their own and resultantly the Department executed agroforestry plantation in the available degraded private fields and community lands. The works executed by the Department were not in conformity with the approved work programme as it executed agroforestry plantation on forest and khasmal land.

(iv) Diversion of fund

One of the important objectives of the watershed development projects was to create awareness amongst the rural population through radio, TV, local news papers, films and audio visuals and training to motivate people to plant trees for fuel wood, fodder and fruit plantation in community and private lands. It was seen that in 4 watershed projects, Rs.25.70 lakh was allotted by GOI for this purpose out of which the respective PIAs spent Rs11.23 lakh during 1995-96 to 1999-2000. The balance fund of Rs.14.47 lakh was unauthorisedly diverted for the execution of the other components of the projects. The extent of diversion ranged between 37 per cent and 100 per cent and there was a corresponding shortfall in expenditure for the intended purpose to that extent.

Government fund of Rs 14.47 lakh was diverted.

It was further seen that out of the actual expenditure of Rs. 6.55 lakh under Rongnichu project, Rs. 2.45 lakh was spent on furnishing items in the residence of Chairman, Land Use Board, supply of motor parts and stationery to River Valley Project Cell and repairing of departmental quarters. Under Naga Kazor project, Rs 1.26 lakh out of Rs. 2.75 lakh was spent on MR wages of driver attached to AE/North. Expenditures on these items were not covered under the scheme and hence inadmissible.

The Department stated (September 2000) that respective PIAs of the watershed did carryout awareness campaign in the watershed especially on occasions such as World Environment Day, Water Day, Wildlife Week etc. Programmes were also organised by the Ros / BOs during the planting period high-lighting the importance of the programme. The reply was not tenable as awareness camps were to be conducted out of separate earmarked fund. Due to diversion, the objective of creating awareness amongst the rural population was not achieved to the desired extent.

d) Excess expenditure on execution of protective works

There was excess expenditure of Rs 6.50 lakh

Under the soil and water conservation component of Rongpochu watershed project, the PIA executed protective works in February and March 1999 by deploying muster roll labourers in 59 low altitude locations and 6 high altitude locations incurring an expenditure of Rs.11.38 lakh by adopting the Sikkim Public Works Department (SPWD) schedule of rates (SOR). The SPWD rate was an all-inclusive rate providing for both material, labour, overhead and contractors' profit components. Admissible expenditure on protective works taking into labour component only, worked out to Rs 4.88 lakh as detailed below:

Item of works	Quantity executed in cubic meter	Admissible labour rate per cubic meter (Rs)	Admissible expenditure (Rs in lakh)
Excavation in foundation trenches in mixed soil			
I. Low altitude	3515.63	29.00	1.02
II. High altitude	282.11	43.50	0.12
P/L dry wall with clean hard selected stones			
I. Low altitude	6874.20	46.15	3.17
II. High altitude	508.60	69.22	0.35
P/L Hand packed stone filling with clean hard selected stones			
I. Low altitude	1137.37	17.23	0.20
II. High altitude	89.64	25.85	0.02
TOTAL			**4.88**

Thus the entire expenditure of Rs 11.38 lakh incurred on Muster Roll for the execution of protective works without segregating the elements of material cost, job overhead, contractor's profit included in the SPWD schedule of rate led to excess expenditure of Rs 6.50 lakh.

The Department stated (September 2000) that in departmental works all the overhead costs shown in the audit paras were merged directly or indirectly with the labour costs and paid to the labourers in the form of wages. The reply was not tenable as the excess expenditure mentioned in the para was based on SPWD Schedule of Rates being followed by the Department.

There was irregular expenditure of Rs 11.38 lakh

It was further seen that under Rongpochu watershed project, protective works due to natural calamity had been executed by the PIA during March 1999 at different locations of the project area. The quantity of items executed, measured, billed for and payment made were exactly the same for protective works carried out in different locations which appeared implausible. Moreover, the protective works carried out in different places due to natural calamity were not covered under the watershed programme approved by GOI. Thus the entire expenditure of Rs 11.38 lakh incurred thereagainst was irregular.

The Department stated (September 2000) that there was no peculiarity in the natural occurrence of landslide which were more or less severe in terms of damage but fund allotment for treatment had been made at reasonable uniform rate in order to cover all cases in all places to maintain uniformity and to avoid public complaints against disparity. The reply was not tenable as protective works for damages by natural calamities were required to be executed out of a separate fund meant for natural calamities and not met out of funds intended for watershed programmes.

e) Deprival of beneficiaries from getting the fuel wood saving devices

The Pabong watershed project envisaged distribution of 1600 numbers of fuel wood saving devices at a total cost of Rs 4.00 lakh to the project beneficiaries. The PIA actually distributed (September 1994) 600 numbers of improved portable chullahs at a cost of Rs 2.23 lakh and the balance fund of Rs 1.67 lakh was expended (March 1995) on afforestation of fuel wood plantation in 45 hectares. The diversion of fund for an activity not covered under the project was irregular and resulted in 1000 numbers of project beneficiaries being deprived from getting the fuel wood saving devices.

f) Non-realisation of revenue

Government revenue amounting to Rs 6.30 lakh had been foregone

The Rongnichu watershed project envisaged that seedlings would be distributed to the farmers at a nominal rate as per departmental rule. The rate fixed by the Department for a one-year old seedling was Rs 1.50 upto December 1997 and thereafter Rs 3.00. The Departmental rule also provided that all villagers would be supplied 50 seedlings per family per year free of cost. It was however seen that the Department distributed 4 lakh seedlings to 1000 families free of cost during 1995-96 to 1999-2000 due to which Government revenue amounting to Rs 6.30 lakh had to be foregone.

The Department stated (September 2000) that the rates fixed by the Department were for private agencies and Government Departments. The seedlings provided were for farmers and villagers as a part of Government policies and therefore the Department was unable to realise the revenue. The reply was not tenable as the commitment made by the Department in the project reports remained unachieved.

g) Irregular expenditure on watch and ward

None of the 8 watershed projects prepared by the Department and approved by the GOI provided fund for engagement of watch and ward staff for looking after the afforestation done in forest and community land. However, the Department incurred an expenditure of Rs 38.81 lakh for engagement of watch and ward staff in the 8 watershed projects during the period from 1995-96 to 1999-2000. In the absence of any provision, the expenditure debited to the watershed projects stands irregular as detailed below:

Name of the watershed project	Expenditure on watch and ward staff
	(Rupees in lakh)
Rongnichu	10.50
Rongpochu	18.14
Naga kazor	3.04
Dzongu	0.37
Turung Namthang	1.61
Tingmo -Ben	2.28
Pabong	2.54
Takchamchu	0.33
TOTAL	**38.81**

The Department stated (September 2000) that unless some protection was provided, the afforestation would not become successful due to extensive biotic interference. The reply was not tenable as afforestation done in forest areas and community areas was to be looked after and cared by the Forest Guards and community people respectively. Therefore, expenditure incurred against watch and ward was not appropriate. Further, such expenditure was not covered under the approved work programme.

3.4.8 Other topics of interest

(i) Improper maintenance of plantation journals, nursery journals and measurement books

Plantation journals, nursery journals and measurement books produced to audit in respect of 5 watershed projects did not contain any data relating to number of seedlings planted initially, number of seedlings transplanted to afforestation areas from each nursery, number of plants replaced, number of plants which survived, percentage of plants survived with reference to number of seedlings planted initially etc. The only information entered in the documents was the location of the plantation and area, species to be grown and expenditure incurred thereagainst which in effect, was just a replication of the information contained in the paid vouchers. Further, the Department was carrying out maintenance of plantations as per the approved work programme whereas the number of plantations damaged and number/mortality rate of seedling before taking up the 1^{st} and 2^{nd} weeding was neither exhibited in plantation journals nor in measurement books. Therefore, in absence of such records, the data relating to actual number of seedlings/plants, which survived with reference to seedlings, planted initially could not be assessed in audit.

(ii) Status of plantation in Dzongu watershed project

The Department did not maintain complete records

The Department in June 1999 informed GOI (MEF) that plantations raised in different locations under Dzongu watershed project had suffered extensive damage due to occurrence of unprecedented extreme and prolonged dry spells between September 1998 to April 1999 throughout Sikkim followed by surface fire in the plantation areas as a result of which the mortality rate of seedlings was 80 to 90 per cent.

Due to improper and inadequate precaution taken by the PIA towards plantations, an amount of Rs 120.03 lakh remained infructuous

In reply the GOI stated (July 1999) that it was difficult to believe that 80 to 90 per cent mortality was caused due to adverse weather conditions only. It noted that the survival of plantations depends upon several factors like quality of seedlings, appropriate planting technique, time of planting, care shown during and after plantation apart from the weather conditions. GOI opined that further funding to this project was of no use and the amount of Rs. 33.45 lakh already released (in May 1999) may be withheld by State Government till further notice. However, it was seen that the Department had utilized the entire fund amounting to Rs.33.45 lakh prior to receipt of this intimation from GOI.

Thus due to improper and inadequate precautions taken by the PIA for survival of the plantations, the entire expenditure of Rs. 120.03 lakh on the project was infructuous and the objective of the project was not achieved.

The Department stated (September 2000) that the failure of plantation was a natural phenomena over which it did not have control and added that the expenditure incurred on the project did have impact on the depleted area vis-à-vis socio-economic and ecological improvement within the watershed. The reply did not entirely meet the observations made by the GOI.

3.4.9 Monitoring and evaluation

(i) Lack of effective monitoring system

There was no systematic/effective arrangement for monitoring of the projects

There was no systematic or effective arrangement for monitoring of the projects in the Department so as to assess the extent of actual coverage, success rate and to evaluate the effectiveness of the schemes. Norms, periodicity and schedule for inspection of project executing division offices and field visits were not prescribed/framed.

(ii) Non-formation of District Level Committees

Despite GOIs stipulation, no district level committees were formed

One of the conditions stipulated by GOI (MRAE) in the sanction letters of Rongnichu, Naga Kazor, Turung Namthang, Tingmo-Ben and Pabong watershed projects was that multi-disciplinary team /committee at district level headed by Zilla Adhakshya and District Level Officers of other Departments as its members was to be constituted for implementation and monitoring of the projects. This was not complied with in even a single instance and thus led to inadequate monitoring of the projects. The concerned PIAs could also not obtain the benefit of feedback, recommendations, suggestions, advise, confirmation of the works actually done and certification of successful completion of the project in the absence of the Committees.

(iii) Evaluation of the Projects

On the initiative of GOI (MRAE), the following 5 watershed projects were evaluated during its project period:

Name of watershed projects	Project period	Evaluation done during	Evaluating authority nominated by GOI
Pabong	**1994-95 to 1996-97**	**November 1995**	**Sri B.B.Basu, Convener Director, School of Fundamental Research, Calcutta (WB)**
Tingmo Ben	**1995-96 to 1999-00**	**July 1996**	**Sri J.R.Ram, Secretary Gramin Vikash Parisada, Deogarh (Bihar)**
Turung Namthang	**1995-96 to 1997-98**	**May-June 1996**	**Sri D.P.Sinha, IFS (Retd), Secretary Ranchi Consortium for Community Forestry, Ranchi (Bihar)**
Naga kazor	**1995-96 to 1998-99**	**April 1996**	**Sri Ranjit Barthakur, ITC Ltd. Virgina Road, Chowrangee, Calcutta-71 (WB)**
Rongnichu	**1995-96 to 1999-00**	**October 1997**	**Sri N.P.Sinha, Retd. Executive Director of Wasteland Development Board, (Bihar)**

The important observations made by the Evaluators projectwise are reproduced below. It may be noted that some of these are in conformity with preceding audit findings.

Pabong watershed project

(a) During discussion with villagers, it was ascertained that the beneficiaries were not physically consulted about the work plan and objectives of the project. Besides that involvement of NGOs in the project was practically absent.

(b) No water harvesting structures were seen in the visited sites nor were heard from the beneficiaries. On the contrary, the villagers were complaining about the inadequacy of water in non-monsoon period, which had not been attended by the project planning.

(c) The Department had not maintained individual nursery and plantation records of various works component in the designated project sites. It was practically impossible to physically verify the survival feature as well as growth factor of plantations. However, the field staff reported survival rate was between 40 to 50 per cent.

(d) During discussion with officials and villagers of Namring and Tanak, it was ascertained that the Department in the project areas organized no awareness camps. However, some village meetings on "World Environment Day" was observed as a part of the awareness activities.

Turung Namthang watershed project

(e) The total area treated under soil and moisture conservation was 82.75 hectares at a total cost of Rs.9.84 lakh exceeding the provision. Expenditure had been incurred at the rate of Rs.12000 per hectare formally sanctioned by the Forest Department whereas the sanction from GOI had not been obtained.

Naga kazor watershed project

(a) Forest land, Khasmal and Goucharan areas had been selected for plantation to be eone under Natural Regeneration and Pasture Development Component.

(b) There were 2 Panchayat Units within project areas. No village committee had been set up in the project area.

Rongnichu Watershed Project

Despite the observations made by the evaluators, no follow up action had been taken by the Department

(a) The labour rate was revised enhancing to Rs.40 per day in April 1995. The entire scheme was executed on this revised rate. Even the items of works which were to be done were changed. The Department could not produce any paper which could support the sanction of Government of India for the execution of works in revised rate with deviation made from the sanctioned schedule of rate.

(b) There was complete deviation from sanction technology for execution under afforestation and soil conservation. No manure was applied.

(c) In pasture Development, intensive soil conservation measures was adopted which was not provided in the scheme.

(d) Rs 5.60 lakh was incurred for establishment of permanent nursery at the rate of Rs 1.00 lakh per hectare for 5.6 hectares of nurseries for supply of seedlings in the afforestation work. This was totally wrong. In the schedule of rate of Forest Department, afforestation cost per hectare did not include the cost of raising plants in nurseries. The rate of soil conservation was also very high i.e. 20 times the rate approved.

e) The area was very steep and no amount of stone work could check landslides; vegetative methods were the only solution to overcome the problems of landslides in hilly terrain. This might be a slow process but in the long run these would be good and economical. Forest Department should not do such heavy work under soil and water conservation component.

There was nothing on record about the action taken by the Department as follow up action on the observations of the eminent evaluators.

3.5 IMPLEMENTATION OF ENVIRONMENTAL ACTS AND RULES RELATING TO WATER POLLUTION

The Water (Prevention and Control of Pollution) Act, 1974 was enacted by the Parliament. The Land Use and Environment Board under the administrative control of the Forest Department was entrusted with the implementation of this Act. The Sikkim Water (Prevention and control of Pollution) Rules 1991 made in pursuance of this Act came into operation from December 1992. The Rules prescribe the powers, duties of the members of the Board, procedures for transaction of business etc. The main objective of the Board was to provide for the prevention and control of water pollution and maintaining or restoring of wholesomeness of water. The functioning of the Board covering the period from 1994-95 to 1999-2000 was reviewed in May 2000. The results of audit are discussed in the following paragraphs.

(a) Financial outlay

The Government of India (GOI) released grants-in-aid of Rs. 12.51 lakh during 1994-95 to 1999-2000 and the State Government provided funds of Rs. 18.67 lakh during the same period. The Board spent only Rs. 26 lakh leaving a balance of Rs. 5.18 lakh.

(i) Non-preparation of budgets, estimates and annual accounts by the Board

As per the Rules, budget and estimates in prescribed form were to be prepared by the Member-Secretary by 5 October each year for Board's approval. The Annual Accounts in prescribed form was also to be submitted to the Government by 15 May of each year. It was seen that these provisions were never complied with since inception of the Board.

The Department stated (September 2000) that due to lack of separate budget head of the Board and shortage of manpower, budget estimates and annual accounts could not be prepared. The reply was not tenable as separate budget head was not required for preparation of the estimates and annual accounts.

The financial transaction of the Board was not separated from the Departmental accounts

(ii) The Board had not created its own fund and in contravention of the Rules, the yearly expenditure of the Board was booked under the Major Head 3435-04-103-79 "Prevention of Air and Water Pollution" and got merged with the accounts of the Land Use and Environment Division.

(b) Manpower

The Board could not function effectively due to shortage of manpower.

As intimated by GOI (February 2000), the minimum staff requirement for each State Board was 15 which included one Environmental Engineer and one Assistant Environment Engineer. However, there were one Senior Scientist, 3 junior technical staff and one laboratory attendant. Due to paucity of manpower and specialist environmental engineers, the Board was unable to discharge its functions and responsibilities effectively. The Board stated (May 2000) that a proposal had been moved to the Government for filling up all the vacancies.

(c) Implementation

(i)Though one of the major functions of the State Board was to plan a comprehensive programme for the prevention, control or abatement of pollution of streams, it however failed to initiate any action in this respect. While accepting the fact, the Department stated (September 2000) that necessary steps would be taken up for planning a comprehensive programme.

The Board was unaware of the 165 factories as to whether they applied for requisite consent before their establishment

(ii) Another function of the Board was to inspect sewage or trade effluent, and to grant consent for discharge of sewage or trade effluent. During 1994-95 to 1999-2000 out of 174 factories/units established in the State, only 9 factories/units were identified by the Board as trade effluent factories / units. Out of these 9 identified units, consent for operation was issued to 8 units and the other unit was operating without consent till date (September 2000). The Board did not have any records to indicate whether the remaining 165 units had applied for the requisite consent before their establishment or whether it had pursued the matter with the concerned units. The Department stated (September 2000) that most of the units had been closed down. However, it admitted that the Board should have ascertained the obtaining of consent by the units before establishment and operation.

Till 1998-99, none of the industrial units submitted their environmental audit report

(iii) The industrial units covered under the provisions of the Act were required to submit environmental audit report to the Board on or before 15 May of every year. The Board had not taken any steps to keep a watch or ensure the submission of the reports and none of the industrial units in the State submitted environmental audit reports to the Board till 1998-99. During 1999-2000 only 4 units submitted their reports to the Board. Due to non-submission of the report by the remaining units and not taking any action on submitted report, the Board was not able to verify the quality of emission or discharge of environmental pollutants from the industrial units and give suggestion for prevention and control of pollution. While accepting the fact, the Department stated (September 2000) that all the existing units had been served with the notice for compliance.

Despite public Complaint, the waste/garbage continued to be dumped by UDHD at Marchak for which the Board had not taken any action

(iv) As per the Act of 1974, the Board was required to evolve efficient methods of disposal of sewage and trade effluents. The waste and garbage of Gangtok town till December 1998 was being disposed of by the Urban Development and Housing Department (UDHD) through the "disperse and dilute" method in nearby streams. In January 1999 UDHD obtained the permission of the Board to throw the garbage of Gangtok town at Marchak, a riverbed, on an experimental basis for one month by using the abatement (chemical) techniques. The Board in April 1999 directed UDHD to initiate immediate remedial measures at Marchak in view of the complaints from the public that the land had been totally polluted and living conditions were made unbearable due to odour/smell of the dump yard. The UDHD informed (June 1999) the Board that the construction of waste treatment plant could not be materialised due to paucity of funds and once the problem regarding resource was resolved the construction of treatment plant would be started. In spite of the fact that waste and garbage continued to be dumped at Marchak by UDHD notwithstanding the complaints of the local people, the Board had neither thought it fit to initiate any punitive measures against UDHD under Section 48 of the Water (Prevention and Control of Pollution) Act 1974 nor requested the State Government for passing appropriate directions.

In response to a query from audit, the UD&HD intimated (May 2000) that garbage of the other major towns in Sikkim like Mangan, Singtam, Jorethang, Gyalshing and Namchi were disposed of in the hill slopes located quite far from the towns and habitats. This method of disposal appears to be very much unhygienic because during rainy seasons, the garbage could get mixed in the streams and finally join into the Teesta river resulting in water pollution. The Board has so far not initiated any action to evolve or lay down standards of treatment of sewage and effluent to be discharged into any particular stream taking into account the minimum fair weather dilution and toleration limits of pollution permissible for any place which was one of its functions as envisaged in the Act of 1974. In reply the Department stated (September 2000) that they were taking action to solve the problem.

(v) Non-levy of water cess

Despite the enactment of water cess Act 1971, the Board had not levied water cess

The Water (Prevention and Control of Pollution) Cess Act, 1977 enacted by GOI in December 1977 was made applicable to all States where the Water (Prevention and Control of Pollution) Act 1974 was in operation. Under the provisions of the Act of 1977, water cess was to be levied and collected in the State from the water consuming factories / plants. The Board in 1994 had deferred the levying of the cess till further orders. The revenue foregone by the

Board due to non-levy of the cess could not be quantified in audit as the figures of water consumption by the water consuming factories/plants in the State were not available.

(d) Other points of interest - pollution of potable water in Gangtok

Despite contamination of water the Board did not take any remedial action

As per the Environmental Status Report of Gangtok prepared by the Environment and Pollution Control Division of Forest Department in December 1995, the pH (a measure of the acidity or alkalinity of a solution) values of the drinking water of certain areas of Gangtok like Lalmarket, Oldmarket and Baluwakhani localities showed variation from the prescribed standard because of contamination taking place through leakages; the water at Deorali was found to be acidic; the presence of ammonia in the drinking water of Lalmarket, Oldmarket, Hospital point, Development area and Baluwakhani proved that there was lack of proper sealed pipelines network. The Board did not initiate any action on this report. In reply it was stated that the Board was taking action on the matter.

(e) Non-submission of Annual Report of the Board

The Board had never prepared Annual Report for any financial year

According to Rule 31 of Sikkim Water (Prevention and Control of Pollution) Rules 1991 the Board was required to submit to the State Government by the 15th May of each year the Annual Report giving a true and full account of the activities of the Board during the previous financial year which would contain particulars like constitution of Board including changes therein, constitution of the committees by State Board and meetings of the committees constituted by it, meetings of the State Board, activities including the various functions performed by the Board, prosecutions launched and convictions secured, finance and accounts, visits to the State Board by experts, important persons etc. and any other important matter dealt with by the Board. However, it was noticed that no such Annual Report had ever been prepared for any financial year by the Board since inception. In reply it was stated (September 2000) that the Board had taken note of the audit observation and the same would be taken up in the reconstituted Board.

(f) Evaluation

The activities of the Board had never been evaluated either by the State Government or any other outside agency.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.6 NATIONAL FAMILY WELFARE PROGRAMME

Highlights

The objective of the National Family Welfare Programme (NFWP) was to bring down the birth and death rates through various family planning measures and temporary methods of birth control, to persuade people to adopt small family norms by popularising the use of conventional contraceptive devices and to provide medical services, medicines, incentives free of cost at the doorsteps of the acceptors of family planning measures.

Under the Family Welfare Programme, excess expenditure was not got reimbursed from the Government of India. There was shortfall in coverage of population by PHSCs. Despite non-existence of norms, Ward Attendants were appointed. In the RCH Programme, there was excess expenditure against the approved allocation under minor civil works. Equipment kits supplied by the Government of India were not used at the District Hospitals. Excess expenditure on maintenance of vehicles was charged to the programme.

Under Family Welfare Programme, against the Central assistance of Rs 1598.91 lakh received during the period 1995-96 to 1999-2000, the Department incurred Rs 1930 lakh which led to excess expenditure of Rs. 331.09 lakh. This excess expenditure was not got reimbursed from the Government of India.

(Paragraph-3.6.4(i))

Under Prophylaxis against nutritional anemia among women, there was shortfall in achievement of 38 per cent and 11 per cent during the year 1995-96 and 1998-99 respectively. In case of children, the shortfall varied between 52 per cent and 27 per cent during 1995-96 to 1999-2000.

(Paragraph-3.6.5.2(c))

Under RCH Programme, against the Central assistance of Rs 115.48 lakh received during the period 1998-99 to 1999-2000, the Department could spend Rs 78.86 lakh only leading to an unspent balance of Rs 36.62 lakh.

(Paragraph-3.6.5.3)

Under various immunisation programmes, shortfall in coverage ranged upto 69.4 per cent.

(Paragraph-3.6.5.3(a))

Under RCH Programme, against approved allocation of Rs. 40 lakh for minor civil works, Rs 45.10 lakh was incurred which led to excess expenditure of Rs 5.10 lakh without approval from the Government of India.

(Paragraph-3.6.5.3©)

Under CSSM Programme, equipment kits supplied directly by the Government of India to the District Hospitals were not utilised.

(Paragraph-3.6.5.3(d))

During the period 1995-96 to 1999-2000, an amount of Rs 21.76 lakh received from GOI for IEC activities was diverted for payment of salary to the Family Welfare Staff.

(Paragraph-3.6. 7)

Expenditure of Rs.25.40 lakh incurred on maintenance of vehicles in excess of the prescribed norms during 1995-96 to 1999-2000 was charged to the programme.

(Paragraph-3.6.8)

3.6.1 Introductory

The main objective of the National Family Welfare Programme (NFWP) is to stabilise population at a level consistent with the needs of national development. National Health Policy (NHP) 1983 envisaged attainment of twin goals of "health for all" and a "net reproductive rate of unity (NRR-I)" by 2000 AD through universal provision of comprehensive primary health care services to all and easy access to family planning and maternal / child health care facilities. NHP set demographic goals for achievement by 2000 AD as crude birth rate : 21 per thousand, crude death rate : 9 per thousand, annual natural growth rate : 1.2 per cent, infant mortality rate : below 60 per thousand, effective couple protection rate : 60 per cent. Keeping in view the level of achievements made in the 7th Plan period (1992-97), it was stated in the Eight Five Year Plan document that NRR-I would be achievable only in the period 2011-16 AD.

To achieve the desired demographic goals laid down in NHP (1983), the Department of Family Welfare, Government of India introduced various programmes / schemes as under:-

i) Minimum Needs Programme (Redesigned as Basic Minimum Services)

ii) Sterilisation Bed Scheme

iii) PAP Smear Test Facility Programme

iv) All India Hospital Post Partum Programme

v) Population Research Centre Scheme

vi) Child Survival and Safe Motherhood (CSSM) Programme (Re-designed as Reproductive and Child Health Programme)

Out of the above, programmes / schemes at sl nos (i), (iv) and (vi) only were implemented in Sikkim.

3.6.2 Organisational set up

The responsibility for implementation of the programme is vested with the Department of Health and Family Welfare headed by the Secretary and assisted by the Principal Director, Director, Joint Directors at Secretariat level and District Chief Medical Officers, Medical Officers of Primary Health Centres, District and Sub-district Post-Partum Centres and Auxiliary Nursing Midwives at the field level.

3.6.3 Audit Coverage

The implementation of NFWP from 1995-96 to 1999-2000 was reviewed during March-April 2000 on the basis of test check of records maintained at the Health and Family Welfare Department, four District Hospitals, District level Post Partum Centres, Sub-district level Post Partum Centres, six Primary Health Centers (out of 24) and State Health and Family Welfare Society. Important points noticed during test check are given in the succeeding paragraphs.

The services of ORG Centre for Social Research (ORG-CSR) were commissioned by the Comptroller and Auditor General of India to conduct a nationwide beneficiary assessment of the programme and other related matters. The ORG-CSR sample survey in Sikkim conducted between 16 October 2000 to 10 November 2000 covered 382 urban and 575 rural households and 144 health facilities in North and South Districts. Significant findings of the survey on matters contained in the report have also been included in this Review.

3.6.4 Financial outlay and expenditure

The NFWP is a Centrally Sponsored Scheme under which the Government of India (GOI) provides assistance in cash and kind in the form of contraceptives, equipments, vaccines, drugs, etc. The entire expenditure incurred by the State under the Programme is reimbursable by GOI in conformity with approved pattern of schemes. The budget provision, assistance received from GOI and expenditure incurred thereagainst (including CSSM upto 1997-98) from 1995-96 to 1999-2000 were as under:-

Year	Budget provision	Central assistance received	Expenditure	Excess(+)/ Savings(-)
	(Rupees in lakh)			
1995-96	384.00	417.88	352.05	(-)65.83
1996-97	384.00	237.71	314.27	(+)76.56
1997-98	432.30	218.87	296.97	(+)78.10
1998-99	480.30	307.72	484.27	(+)176.55
1999-2000	432.30	416.73	482.44	(+)65.71
TOTAL	**2112.90**	**1598.91**	**1930.00**	**(+)331.09**

The Department had not submitted timely claims to the GOI for reimbursement of excess expenditure of Rs331.09 lakh incurred during 1995-96 to 1999-2000

(i) It would been seen from the above that during 1995-96 to 1999-2000, against the total receipt of central assistance of Rs. 1598.91 lakh, the Department incurred an expenditure of Rs 1930.00 lakh. The Department had not submitted the claims for the excess expenditure of Rs 331.09 lakh for reimbursement from GOI.The Department stated (September 2000) that it had taken up the matter with GOI and recently received Rs 242 lakh as arrears payment for the period 1991-98. It has also forwarded its audited statement of accounts for the year 1998-99 to the GOI with a request to release the balance amount against the grant received for the year.

(ii) Materials received in kind directly from GOI under the NFWP were required to be accounted for in terms of money value by the State Government and the cost of supplies was to be treated as expenditure and to be adjusted in the accounts of the respective years in which the material was received. It was seen in audit that this was not done by the Department.

3.6.5 Implementation

3.6.5.1 Minimum Needs Programme

The Minimum Needs Programme (MNP) (redesignated as Basic Minimum Services (BMS) during Ninth Plan) was launched in the Fifth Five Year Plan to ensure a basic minimum standard of life for all sections of the community. The objective of the programme was that people should have access to minimum infrastructure facilities for the provision of selected social services with a view to improving the quality of life for all sections of society.

(a) Health Centres

Under the programme, one Primary Health Sub-Centre (PHSC) for every 3000 population, one Primary Health Centre (PHC) for every 20000 population and one Community Health Centre (CHC) for every 80000 to 120000 population was to be set up by 2000 A.D in a phased manner.

Based on the above norms, the requirements and the availability of centres at the beginning of 1995-96 and at the end of 1999-2000 are indicated below:

Year	Population	Centre as per norms			Availability			Excess(+)/ Short (-)		
		PHSC	PHC	CHC	PHSC	PHC	CHC	PHSC	PHC	CHC*
1995-96	4,39,959	146	22	4	144	24	2	(-)2	(+)2	(-)2
1999-2000	4,76,225	159	24	4	147	24	2	(-)12	nil	(-)2

*** 2 CHCs under construction**

Only 3 PHSCs were added to the health care infrastructure during 1995-2000. The district-wise position of existing centres (PHSCs and PHCs), actual requirement with reference to projected population as on 31st March 2000 as indicated below, revealed that the Department had not optimally located the centres as per norms.

District	Population*	No. of centres required as per GOI norm		No. of existing centres		Shortfall(-) / Excess (+)	
		PHSC	PHC	PHSC	PHC	PHSC	PHC
East	2,09,083	70	10	48	8	(-) 22	(-)2
West	1,15,010	38	6	41	7	(+)3	(+)1
South	1,15,530	39	6	39	6	NIL	NIL
North	36,602	12	2	19	3	(+)7	(+)1

- *Furnished by Department*

Health centres had not been optimally located as per norms

As against the norm of 70 PHSCs required in East district to cover a population of 2,09,083, only 48 PHSCs had been established till 31st March 2000 resulting in inadequate health care to the population of 66,000 . In North District, against the requirement of 12 PHSCs to cover a population of 36,602, there were 19 PHSCs as of 31st March 2000 leading to establishment of 7 PHSCs in excess of actual requirement. The Department stated (April 2000) that the higher number of centres in North district was mainly due to the mountainous area where the population is found scattered and also due to it being a tribal and backward area. In respect of the shortfall in East district, it was stated that the proposal had been taken up. The Department further stated (September 2000) that the ratio between PHSC and population is much below the predetermined norms due to hilly terrain. The reply is not tenable as the norms based on which the audit observation has been made apply to hilly region.

ORG-CSR findings also revealed that PHCs in Sikkim on an average covered a population of 10,972 which is much lower than the prescribed norms of population coverage in a hilly area. The population coverage by a PHSC was also found to be lower than the set norm.

(b) Construction of Health Centres

Details of fund received from Planning Commission and expenditure incurred by the Department under Basic Minimum Services for construction of PHSCs, PHCs and CHCs during 1995-96 to 1999-2000 are given below :

Year	Fund received from Planning Commission	Fund released by the State Govt. to the Department	Expenditure incurred by the Department	Excess (+) / Saving (-)
(Rupees in lakh)				
1995-96	158.35	160.80	194.04	(+) 33.24
1996-97	115.00	206.30	147.55	(-) 58.75
1997-98	227.08	267.15	257.17	(-) 9.98
1998-99	159.14	215.05	226.63	(+) 11.58
1999-2000	148.14	190.05	204.20	(+) 14.15
TOTAL	**807.71**	**1039.35**	**1029.59**	**(-) 9.76**

Reason for savings was not stated by the Department.

Delay in completion of health centres resulted in denial of adequate health care services to the community.

The Department undertook construction of buildings for the existing PHCs that were functioning from rented premises and other Government buildings. Out of 17 PHSCs taken up for construction during the period from 1995-96 to 1999-2000 at a total cost of Rs.141.63 lakh, the Department could complete the construction of 12 PHSCs incurring an expenditure of Rs.96.23 lakh. There was time overrun in completion of all the 12 works ranging between 2 to 22 months resulting in denial of adequate health care services to the community. Of the 5 PHSCs which had not been completed as on 31st March 2000, 4 (tendered value: Rs.45.40 lakh) were to be completed during 1997-98. However, these works were still in progress as of 31st March 2000. The delay in the completion ranged from 26 to 34 months (as on March 2000). Thus, the objective of providing health care services to the community remained unachieved.

(c) Periodical visits by Specialist

Under the Programme, Specialists were required to visit each Community Health Centre/District Hospital at least once a month. Data collected in this regard from the 4 District Hospitals revealed that visits by the specialists were irregular. Only 6 visits were made by specialists to District Hospital, Namchi during the entire period of review. Not a single visit was made by any specialist to District Hospital, Gyalshing from the year 1995-96 to 1999-2000. Periodical visits were made by Medical and Orthopaedic specialists to District Hospital, Mangan, but due to bad road conditions and shortage of specialist at STNM Hospital, Gangtok, their visits were irregular as intimated by the Chief Medical Officer, District Hospital, Mangan. No reasons for shortfall in visits of specialists to District Hospitals at Namchi and Gyalshing were furnished by the concerned authorities. No information on the number of visits by specialists to District Hospital, Singtam was furnished by the concerned authority. As a result the people of 3 districts were deprived of specialised medical facilities.

(d) Staffing Pattern-Manpower

The table below indicates, as on 31st March 2000, the number of existing staff in PHSCs and PHCs (only in those categories where excess / shortfall noticed) and staff required as per norms fixed by GOI:

Sl. No.	Category / Post / Cadre	Existing Centre in the State	Required staff as per GOI norm	Existing staff	Excess(+) / Shortfall(-)
	Primary Health Sub-Centres (PHSCs)				
1	Health Worker (Female) / ANM	147	147	150	(+)3
2	Health Worker (Male)	147	147	138	(-)9
	Primary Health Centres(PHCs)				
1	Health Worker (Female) / ANM	24	24	46	(+)22
2	Health Educator	24	24	05	(-)19
3	Health Assistant(F) / LHV	24	24	13	(-)11
4	Health Assistant / Male	24	24	07	(-)17
5	Lab Technician	24	24	06	(-)18

(i) As per norms, one Health Worker (Male) and one Health Worker (Female) were to be posted at each sub-centre to cover a population of 3,000. It was seen that there were 3 Health Workers (Female) in excess and 9 Health Workers (Male) short with reference to the norms. In the PHSCs where the shortages occurred, it can be inferred that the level of health services was not up to the mark.

(ii) There were shortages of 65 staff in other posts/cadres, which varied from 11 (46 per cent) to 19 nos. (79 per cent) as indicated above.

(iii) The objective of engaging Health Educator and Lab Technician in PHC for promotion of family welfare programmes and other activities like supervising and guiding health workers in delivering the health care services to the community was not achieved due to shortfall in manpower.

3.6.5.2 All India Hospital Post-Partum Programme

Post-Partum (PP) Programme is a maternity centred hospital based approach to Family Planning Programme aimed at motivating women in the reproductive age group of 15-44 years and their husbands to adopt small family norms through education and motivation during pre-natal, natal and post-natal period of mother. For furthering these objectives, PP centres at the district and sub-district level were required to be set up. The basic objective of the programme was to provide integral package of maternal child health and family welfare services, in-service training to medical / para medical staff, out reach services to allotted population and MMR rate.

a) Construction of PP centres

For the State, GOI approved one district level PP Centre attached to STNM Hospital, Gangtok and three Sub-district level PP Centres. Of the 3 Sub-district PP Centres, the State Government had established only 2 at Namchi (District Hospital, Namchi) and Gyalshing (District Hospital, Gyalshing) while the one at Singtam had not yet been sanctioned (March 2000), although approved by GOI prior to 1985.

(b) Performance indicators

(i) The performance of the PP Centres is required to be assessed based on the annual work load of obstetrics (OB) and cases of tubectomy, vasectomy, etc. performed per bed per annum. Performance of District PP centre and sub-district PP centres is given in **Appendix XV.**

During the period 1995-96 to 1999-2000, there were 7369 obstetric cases in respect of district and sub-district PPCs. Of these only 511 mothers adopted family planning measures (384 tubectomy, 37 IUD and 90 oral pills). This constituted 6.93 percentage of registered direct acceptors. In addition, there were also 4482 women in the category of indirect acceptors (2266 tubectomy, 1229 IUD and 987 oral pills). In the absence of data on the eligible couples available for family welfare, the achievement of the PPCs could not be evaluated in Audit.

ORG-CSR survey shows that PHCs (17 per cent) followed by PHSCs (16 per cent) and Government hospital /dispensaries (9 per cent) are the main sources of obtaining family planning services. The low percentages implies that the programme has yet to achieve significant measure of success in its objective of motivating the target group to adopt small family norms.

(ii) Though GOI intended target free approach all over the country to make family welfare in India a truly people's programme, it advised the State Government that the performance of Family Welfare Programme need to be evaluated by the Department at the end of every quarter and to advise GOI suitably. It was seen in audit that no evaluation was being done as per GOI's instructions for the better performance of the programme.

(c) Maternal and Child Health (MCH) Services

One of the services to be provided by the PP Centres was MCH services under which prophylaxis against nutritional anaemia among women and children, pregnant and nursing mothers, acceptors of family planning and children of 1 to 5 years were to be given daily doses of iron and folic acid for a period of 100 days as prophylactic measure. Further, 2 lakh international units of vitamin-A was to be given to children of age group 1 to 5 years once in every six months against blindness due to vitamin A deficiency.

The targets and achievements for the whole State with respect to the above are as under:

Year	Prophylaxis against nutritional anaemia among					
	Women			Children		
	T	A	S	T	A	S
	(In numbers)					
1995-96	11700	7235	4465	10800	5208	5592
1996-97	12600	12758	--	11600	11450	150
1997-98	12600	14735	--	11600	9507	2093
1998-99	12600	11273	1327	11600	10029	1571
1999-2000	12600	13137	--	11600	8516	3084

T: Target, A: Achievements, S: Shortfall,

Achievement under prophylaxis against nutritional anaemia among women and children was erratic, with excess achievement in some years and shortfall in others.

Though the achievement under prophylaxis against nutritional anaemia among women was in excess of targets during 1996-97, 1997-98 and 1999-2000, there was shortfall of 38 per cent and 11 per cent during 1995-96 and 1998-99 respectively. In case of children, the shortfall varied between 52 per cent (1995-96) and 27 per cent (1999-2000). The Department attributed (September 2000) the shortfall in coverage to short supply of Folifer Tablets used in prophylaxis against nutritional anaemia among women and children from time to time.

3.6.5.3 Reproductive and Child health Programme:

The Reproductive and Child Health (RCH) Programme was a further process of integration in Ninth Plan of various programmes under Maternal and Child Health integrated under Child Survival and Safe Motherhood (CSSM) programme in the Eighth Plan to ensure relevant services for assuring reproductive and child health to all citizens for obtaining the objectives of stable population in the medium and long term. For the implementation of RCH, the flow of funds to the State was to be routed through State level registered societies. In Sikkim, the State Health and Family Welfare Society was constituted and registered in April 1997.

Fund released by GOI and expenditure incurred under CSSM and RCH are as under:

Year	Fund released by GOI	Expenditure	Excess(+)/ Saving(-)
(Rupees in lakh)			
CSSM			
1995-96	14.40	9.12	(-)5.28
1996-97	14.68	9.13	(-)5.55
1997-98	9.40	10.92	(+)1.52
1998-99	--	6.01	(+)6.01
Total	**38.48**	**35.18**	**(-)3.30**
RCH			
1998-99	110.05	19.20	(-)90.85
1999-2000	5.43	59.66	(+)54.23
Total	**115.48**	**78.86**	**(-)36.62**

It would be seen from the above that under CSSM against the receipt of Rs 38.48 lakh during 1995-96 to 1998-99, the Department could spend Rs 35.18 lakh leaving an unspent balance of Rs 3.30 lakh. The Department stated (August 2000) that saving was utilised for meeting the salary payment of family welfare staff. Such diversion for payment of salaries was not permissible under the programme.

Substantial amount of fund received from GOI remained un-utilised

It would also be seen from the above that under RCH against the receipt of Rs 115.48 lakh during 1998-99 and 1999-2000, the Society could spend Rs 78.86 lakh leaving an unspent balance of Rs 36.62 lakh as of March 2000. The Department stated (April and September 2000) that entire amount could not be utilised due to non-availability of staff, Consultants, Gynaecologists and Anaesthetists on contractual basis and also due to the reason that civil works were going on in most of the PHCs. The fact however remained that non-utilisation of earmarked fund and non-provision of required staff adversely affected the implementation of the scheme.

(a) Immunisation coverage:

Under RCH, the Universal Immunisation Programme (UIP) will continue to provide vaccines for Polio, Tetanus, DPT, DT, Measles and TB. The objective in Ninth Plan is 100 per cent coverage for all vaccine preventable diseases. During the period 1995-96 to 1999-2000 the shortfall in coverage under BCG ranged between nil and 7.4 per cent; under Polio between 0.2 per cent and 15.6 per cent; under DPT between nil and 13.5 per cent; under TT between 33.2 per cent and 54.7 per cent; under DT between nil and 40.2 per cent; under measles between 10.9 per cent and 28.2 per cent and under TT between nil and 34.8 per cent (for 10 years) and between 46.6 per cent and 69.4 per cent (for 16 years). Details are in **Appendix XVI**.

ORG-CSR survey revealed that amongst children there had been a dropout of 4 percentage points from DPT-1 to DPT-3 and 10 percentage points from Polio – 1 to Polio – 3. Measles vaccine was received by 84 per cent of children.

Department stated (April 2000) that the reasons for the shortfall were due to reluctance of the parents to get their children immunised and of pregnant women to take TT injection. It was further stated that DT and TT (10 years and 16 years) were for Government and Semi-government schools for students upto class-V only. The reply is unacceptable as the Department is expected to work to bring about an attitudinal change in people and the failure to achieve targets is indicative of the failure in this respect. In a further reply (September 2000) the Department attributed the shortfall in coverage in various immunisation programmes to short supply of vaccines from the GOI. Reply of the Department contradicts its reply given earlier.

(b) Contractual appointments

Fund received from GOI could not be utilised due to non-appointment of staff/consultant

Under the RCH, one Accounts Clerk and one Statistical Assistant were to be appointed on contractual basis for the State Health and Family Welfare Society on payment of honorarium of Rs 5000 each per month. To strengthen implementation, management and monitoring, three consultants in the subject areas were also to be appointed on contractual basis on payment of honorarium of Rs 8000 to Rs 18000 per month depending upon qualification and experience. Further, the prevention of maternal mortality and morbidity by early detection of complications was to be strengthened by provision of contractual staff to district and sub-district hospitals. Accordingly, the GOI released Rs 10 lakh (May 1998) to the Society for appointment of Accounts Clerk, Statistical Assistant and Consultants and Rs 7.20 lakh (December 1998) for appointment of Gynaecologists and Anaesthetists on contractual basis. It was seen that only one consultant (Child Specialist) and one Gynaecologist at District Hospital, Namchi could be appointed (June 1999) on which an expenditure of Rs 3.59 lakh only was incurred as of March 2000 leaving an unspent balance of Rs 13.61 lakh.

The Department stated (April and September 2000) that despite advertising in all the local and national leading newspapers, it was unable to get the requisite staff, Consultants, Gynaecologists and Anaesthetists. However, posts were going to be advertised soon on the basis of minimum required qualification.

(c) Civil works

There was slow progress of work in 3 districts while work in 1 district had not been taken up despite availability of fund

To ensure proper infrastructure for implementation of Family Welfare Programmes by the District Hospitals and PHCs, a lump-sum assistance of Rs 10 lakh per District Hospital for constructing operation theatres, labour room or for providing and upgrading water and electricity supply was to be provided by GOI. A further assistance of Rs 10 lakh to each district for providing minor civil works and water and electricity supply was also to be provided by GOI. Accordingly, an amount of Rs 40 lakh for minor civil works and Rs 40 lakh for major civil works was received in June 1998 and March 1999 respectively by the Department. Twenty two minor civil works of renovation / upgradation of OT room, labour room, electricity, water supply and sanitation were taken up in 22 PHCs during 1998-99 and 1999-2000 out of which, works of 21 PHCs were completed at a cost of Rs 45.10 lakh as on March 2000 which was in excess of the approved allocation by Rs 5.10 lakh. Approval of GOI for the excess expenditure has not been obtained (April 2000). Three major civil works of renovation, upgradation of OT and labour room, sanitation etc. in three District Hospitals were taken up during 1999-2000 at an estimated cost of Rs 30 lakh (Rs 10 lakh each) for which an amount of Rs 15.80 lakh only could be incurred upto March 2000 and the works were still under progress. Reasons for slow progress of works despite availability of fund were not on record. Further, while funds were provided for taking up major civil works in all the four District Hospitals, works were taken up only in three District Hospitals.

The Department stated (April 2000) that Rs 5.10 lakh incurred in excess of the allocation under minor civil works would be got reimbursed from GOI during 2000-2001. In a further reply (September 2000), the Department stated that the GOI has agreed to reimburse the excess expenditure. As regards the reasons for slow progress of major civil works it was stated that the same could be taken up only after completion of at least 75 per cent of minor civil works of the PHCs. It was further stated that major civil works were being undertaken only in 3 District Hospitals as the District Hospital, Gyalshing in West Sikkim was under construction.

(d) Equipment kits

For preventing maternal mortality and morbidity by early detection of complications of pregnancy such as anaemia, haemorrhage, obstructed labour and sepsis and their management by referring complicated cases to First Referral Units, equipment kits were supplied directly by GOI to each of the four District Hospitals of the State during 1996-97. It was seen that these 60 kits received in three District Hospitals of Gyalshing, Singtam and Mangan were lying idle/unutilised. The Department stated (April and September 2000) that these kits could not be utilised due to lack of specialists (Paediatricians and Gynaecologists) in the District Hospitals.

3.6.5.4. Demographic Goals

The Department did not fix any target regarding demographic goals with reference to those set in NHP. However, the achievements during the period for which the Department could furnish information* was as under:

Sl No	Component	Month/Year				
		3/95	3/96	3/97	3/98	NHP target
1	Crude birth rate/ thousand	22.5	20.0	19.8	20.9	21
2	Crude death rate/thousand	6.9	6.5	6.5	6.1	9
3	Annual Growth rate / thousand	15.6	13.5	13.3	14.8	12
4	Infant mortality rate/ thousand	47	47	51	52	60
5	Couple protection rate/ hundred	21.7	22.7	23.7	NA	60

From the above it would be seen that the achievements in respect of growth rate and couple protection rate were below the target set in NHP. Further , the

* **The Department has not compiled the data for 1998-99 and 1999-2000**

infant mortality rate was also increasing since March 1997. However the Department has not taken any step to improve upon the position.

3.6.6 Training

Awareness Generation Training could not be conducted in time despite availability of fund

Under RCH Programme, training programmes were to be strengthened to ensure skill upgradation of health functionaries and also training of Panchayati Raj and other related departmental functionaries. Accordingly, a project proposal was submitted (August 1999) by the Department to GOI for conducting Awareness Generation Training in the State and an amount of Rs 4.90 lakh was received (September 1999) for this purpose. It was seen that no such training was conducted till March 2000. However, an amount of Rs 3.95 lakh was advanced (21 March 2000) to all four District Chief Medical Officers (CMOs) for conducting the training in their districts. Thus, despite availability of fund, Awareness Generation Training could not be conducted in time, which defeated the very objective of the programme. The Department stated (April 2000) that Awareness Generation Training under the RCH Programme had been started since April 2000 in all the four districts including urban areas of Gangtok.

ORG-CSR has also observed that training of medical and paramedical staff on RCH was found to be poor.

3.6.7 Information, Education and Communication (IEC)

Funds were diverted from IEC programme for payment of salary

For the Family Welfare Programme, IEC projects were to be implemented through various agencies like Doordarshan, AIR and also by Mahila Swasthya Sangh (MSS). Against Rs 61.05 lakh released by GOI during 1995-96 to 1999-2000, an expenditure of only Rs 39.29 lakh was incurred on IEC activities leaving a saving of Rs 21.76 lakh. The Department stated (August 2000) that savings were utilised for meeting salary payment of Family Welfare Staff. Due to diversion of the amount, the objective of the project was not achieved. It was further seen that an amount of Rs 8.61 lakh was allocated by GOI during 1995-96 to 1999-2000 for training of the MSS out of which an amount of Rs 5.34 lakh was incurred for training of 421 MSS workers during the years 1995-96, 1996-97 and 1999-2000. This resulted in under utilisation of fund of Rs 3.27 lakh.

ORG-CSR found that the IEC component of the programme was not found to be satisfactory. Only one - third of the respondents were aware about any IEC activities undertaken and availability of equipment and supplies at the health facilities for IEC was also poor.

3.6.8 Vehicles

According to the pattern of central assistance, expenditure on maintenance of vehicle was reimbursable at the rate of Rs 15,000 per year for petrol driven and Rs 9,500 per year for diesel driven vehicles.

Expenditure incurred in excess of norms was charged to the Programme instead of being borne by the State Government

Test check of maintenance records of 19 petrol and 9 diesel vehicles for the period 1995-96 to 1999-2000 and 5 diesel vehicles for the period 1997-98 to 1999-2000 (out of 22 petrol driven and 21 diesel driven vehicles maintained by the department) revealed that against the admissible expenditure of Rs 14.25 lakh for petrol driven and Rs 5.71 lakh for diesel driven vehicles, the Department incurred an expenditure of Rs 30.84 lakh and Rs 14.52 lakh on petrol and diesel driven vehicles respectively. This resulted in excess expenditure of Rs 25.40 lakh. The expenditure in excess of the prescribed norms was to be borne by the State but the same was charged to the Programme. The Department stated (September 2000) that most of the vehicles used in Family Welfare Programme being more than 10 years old, the maintenance cost was very high for which the amount for maintenance had to be increased considering the rising market prices. The reply was silent on the practice of the excess expenditure being charged to the Programme instead of being borne by the State Government.

3.6.9 Monitoring and Evaluation

A mention was made in Para 3.4.12 of Audit Report 1992-93 regarding non-establishment of Monitoring and Evaluation Cell by the Department. Despite recommendation of the Public Accounts Committee (March 1997) to establish the Cell immediately, it was not set up by the Department as of March 2000. However, a State Level Co-ordination Committee on the Family Welfare Programmes was constituted (May 1998) under the Chairmanship of the Secretary, Health & Family Welfare Department for effective implementation and monitoring of the Programme. At the district level, District Co-ordination Committees were also constituted (May 1998) under the Chairmanship of the District Collectors. All reports relating to the programme were being received in the Department from the districts by 10^{th} of every month. The Department stated (April 2000) that in addition, overall evaluation was also being done on regular basis by the private agencies nominated and sponsored by GOI.

The main findings of the evaluation team were (i) non-utilisation of equipment kits (E to P) by the district hospitals / FRVs (ii) lack of specialists (Gynecologists and Anesthetists in the district hospitals /FRVs (iii) lack of telephone facilities in most of the PHCs of the State (iv) lack of personal computers, NIC Terminals and E-Mail facilities in district headquarters and (v) lack of home visits by the field level workers.

3.6.10 Tardy response to audit queries/ observations

The audit Review was conducted from 17th March 2000 to 22nd April 2000, during the course of which 17 Preliminary Observation Slips (POS) in connection with the Minimum Needs Programme and the All India Hospital Post Partum Programme were issued to the Department and to which not a single written reply was received from the Department till the time of finalisation of this Review (June 2000). Replies of the Department to POS concerning the RCH programme were promptly received.

PLANNING AND DEVELOPMENT DEPARTMENT

3.7 MEMBER OF PARLIAMENT LOCAL AREA DEVELOPMENT SCHEME (MPLADS)

Highlights

The main feature of the Scheme was to enable each MP to get developmental works of a capital nature upto a maximum of Rs 10 lakh in each case and upto the overall ceiling of Rs 1 crore per year upto 1997-98 and Rs 2 crore per year from 1998-99 onwards to be taken up in his/her constituency.

Out of available funds of Rs 11.88 crore, an amount of Rs 2.46 crore was kept unutilised. Two works were executed which were not covered under the scheme. Three works worth Rs 23.15 lakh were not completed within the stipulated period.

Unutilised funds increased from Rs. 1.61 crore in April 1997 to Rs. 2.46 crore in March 2000.

(Paragraph 3.7. 4)

Delayed completion in case of 3 works ranged between 10 months to 16 months upto March 2000.

(Paragraph 3.7.6)

Two works costing Rs 12.79 lakh were executed which were not covered under the scheme.

(Paragraph 3.7.7)

Assets created under the scheme had not been handed over to the concerned local bodies / agencies for maintenance and upkeep.

(Paragraph 3.7.10)

These was no monitoring at the level of State Government.

(Paragraph 3.7.12)

3.7.1 Introduction

In order to enable the Members of Parliament (MPs) to get small developmental works of capital nature executed in their constituency, the Prime Minister announced the "Member of Parliament Local Area Development Scheme" in the Parliament on 23rd December 1993. The Scheme initially administered by the Ministry of Rural Development (now called Ministry of Rural Areas and Employment) was transferred to the Department of Programme Implementation, Ministry of Planning and Programme Implementation(DPI) with effect from October 1994.

The main feature of the scheme was that each MP would have a choice to suggest to the concerned Heads of Districts developmental works involving expenditure upto Rs 10 lakh in each case out of the released funds to be taken up in his/her constituency. The works under the scheme should be developmental in nature, based on local needs and must lead to creation of durable assets. Creation of asset in private holding was also permissible provided the land was surrendered by the concerned land owner or "No Objection Certificate" obtained and the asset created on the land should be available for public use for which they were created.

3.7.2 Organisational Set-up

The District Collector (East), Gangtok was the Nodal Officer at the State level for implementation of the scheme. Most of the works under the scheme were executed by the Rural Development Department, Irrigation Department, Power Department, Education Department, Urban Development and Housing Department and Forest Department according to the nature of work permissible under the Scheme.

3.7.3 Audit coverage

The working of the scheme for the period from 1993-94 to 1996-97 was last reviewed in audit and results reported in Paragraph 3.10 in the report of the Comptroller and Auditor General of India for the year ending 31 March 1997. The implementation of the scheme during the years 1997-98 to 1999-2000 was reviewed in May 2000 on the basis of test check of records maintained at the District Collectorate (East), Gangtok. The State of Sikkim had one constituency each for Lok Sabha and Rajya Sabha. 192 works out of a total of 245 works (completed and on-going) executed under both the constituencies were covered under the review.

3.7.4 Financial outlay and expenditure

Funds to the extent of Rupees one crore per year per MP upto 1997-98 and Rupees 2 crore per year per MP since 1998-99 onwards were to be released to the District Collector by the Department of Programme Implementation (DPI) on the basis of physical and financial progress of works under implementation. The details of release of funds and expenditure incurred on the scheme relating to the Member of Lok Sabha (LS) and Rajya Sabha (RS) during the year 1997-98 to 1999-2000 are given in **Appendix - XVII.**

An amount of Rs 2.46 crore remained unutilised

During 1997-98 to 1999-2000, out of the available funds of Rs 11.88 crore including Rs 10 crore released by the DPI (GOI), an expenditure of Rs 9.42 crore was incurred leaving an unspent balance of Rs 2.46 crore. It was also seen that unspent balance increased from Rs. 1.61 crore in April 1997 to Rs. 2.46 crore in March 2000. The Department stated (September 2000) that out of the above money, an amount of Rs 2.26 crore have already been incurred for payment against the works till 31 August 2000.

3.7.5 Physical performance

Physical performance of the schemes indicating the number of works sanctioned by the District Collector, works actually taken up, works completed etc. are given in **Appendix - XVIII.**

During 1997-98 to 1999-2000, the District Collector took up 245 works for execution at an estimated cost of Rs. 10.81 crore. Of these, 166 works were completed at a cost of Rs. 8.30 crore as of March 2000. The remaining 76 works were in progress.

3.7.6 Delay in completion of works

Scrutiny of records relating to 192 works test checked revealed that due date for completion of the following works undertaken during 1997-98 and 1998-99 had already been over. However, the works had not yet been completed (April 2000).

Sl No	Name of the work	Estim-ated cost	Date of commence-ment	Due date of completion	Upto date value of work done	Total delay as of 31 March 2000
	(Rupees in lakh)					
LOK SABHA						
1	Construction of 6 roomed school building at Tingritam	8.62	28/07/98	27/01/99	7.49 (86.89%)	12 months
2	Construction of 6 roomed school building including additional work of floor at Singithang	13.57	25/05/98	24/05/99	10.17 (74.94%)	10 months
RAJYA SABHA						
3	Renovation of Sharam village MIC at Martam	0.96	17/11/98	28/12/98	0.45 (46.87%)	16 months
	TOTAL	**23.15**			**18.11**	

Delay in completion of works resulted in blockage of Government fund.

The time overrun in respect of above incomplete works ranged from 10 to 16 months. No physical progress of the works was on record. However, expenditure incurred till date on these works ranged from 47 per cent to 87 per cent. The Department indicated that the delay in the case of Sl. No. 1 above was due to non availability of stock materials and for Sl. No. 2, additional amount of Rs 5 lakh for additional items of works had only recently been sanctioned by the MP. No reason was furnished in respect of the third work. Thus, due to delay in completion of works an amount of Rs 18.11 lakh remained blocked.

The Department stated (September 2000) that works at SI. No. 1 and 2 had already been completed and final bills were under process in the Department. Regarding SI. No. 3 work was completed in time as reported by the contractor but final bill was not received by the Department. The matter was being taken up with the Executing Department.

3.7.7 Execution of works not covered under the schemes - Diversion

As per guidelines of the scheme, funds were to be utilised to create durable assets which shall be developmental in nature based on locally felt needs. Further, works like social forestry, farm forestry, horticulture, pasture development, parks and gardens could be taken up subject to the condition that these works were undertaken on Government and community land.

There was diversion of fund to the extent of Rs 12.79 lakh

Two works costing Rs 12.79 lakh executed by the District Collector during the year 1997-98 and 1998-99 were not covered under the scheme. Details are discussed in the subsequent paragraphs.

There was undue benefit to the private individuals.

(i) Scrutiny of records revealed that on the recommendation of MP Lok Sabha, an estimate for the work "Orchid cut flowers cultivation in East Sikkim" was prepared by the Forest Department at a cost of Rs 10 lakh and the same was sanctioned by the District Collector for implementation of the scheme during 1998-99. Accordingly, 2000 numbers of orchids (large flowering size) valuing Rs 10 lakh were procured from a nursery and distributed to 80 numbers of beneficiaries of Regu and Pathing area for cultivation on their land with a view to becoming self sustaining after the first year. Since there was no provision for undertaking schemes on private land holdings for individual benefit, the scheme undertaken at an expenditure of Rs 10 lakh led to extension of undue benefit to private individuals.

The Department stated (September 2000) that 'No Objection Certificates' were obtained from the concerned landowners. The reply could not be accepted as creation of assets on private holding was permissible only when the assets created on the land were available for public use for which they were created but in the present case scheme was implemented for the individual benefit.

(ii) As per guidelines issued under the scheme, construction of places for religious worship was not allowed.

An amount of Rs 2.79 lakh was incurred beyond the scope of scheme

Scrutiny of records revealed that on the recommendation of MP Lok Sabha, the Rural Development Department framed (July 1997) an estimate for construction of Gumpa (Monastery) at Phalong, Thangu for Rs 2.80 lakh which was sanctioned by the District Collector and work order issued to a contractor in December 1997. The work was completed and the contractor was paid Rs 2.79 lakh in May 1998. Since construction of monastery was not allowed under the scheme, the expenditure was not only irregular but led to diversion of fund amounting to Rs 2.79 lakh for an unauthorised purpose.

The Department stated (September 2000) that the matter was being taken up with DPI for its regularisation. Final outcome would be intimated to audit in time.

3.7.8 Irregularities in the execution of works

The works under the scheme should be executed by the implementing agencies by following the established procedure laid down by the State Government. As per established procedure, if the works were executed through contractors, the implementing agencies were to call for tenders to execute the works at the lowest rate and an agreement had to be executed with the contractor.

Agreements for 106 works were not produced to audit

Scrutiny of records revealed that 106 works costing Rs 492.81 lakh were executed by the implementing agencies through contractors but relevant agreements could not be produced to audit. The Department stated (September 2000) that copies of the agreements were being kept in the executing Department. The reply is not acceptable, as in most of the other cases agreements were available with the District Collectorate.

There was extension of undue benefit to the contractor in the form of advance for execution of works

(i) There was no provision in Sikkim Public Works Code and Manual for payment of any advance to the contractor for execution of works. It was seen that in 13 works worth Rs 84.40 lakh an amount of Rs 37.66 lakh was paid as advance to the contractors before commencement of the works which was in violation of the guidelines and resulted in undue benefit to the contractors.

The Department stated (September 2000) that as per provisions of the Scheme, advance payments could be made to the executing Departments. The reply is not acceptable as payment of advances was made to the contractors and not to the executing Departments.

3.7.9 Irregular expenditure on purchase of Books

The purchase of books worth Rs. 17.50 lakh was not only beyond the scope of scheme but also the additional purchase of these books valuing Rs. 3.02 lakh was unwarranted.

The Education Department purchased (July 1998) (from M/s. Nirman Publication, Namchi) 500 sets of ‘Parijath’ books for the academic session 1998 at a cost of Rs. 605 per set(paper back edition) for Rs. 3.02 lakh and distributed the same to 500 schools. A scrutiny of records (July 1999) of the District Collector, East implementing the MPLAD Scheme revealed that in September 1998, the District Collector, on the recommendation of the MP and without ascertaining the requirement from the Education Department, purchased 667 sets of the same book (but with hard cover) at a cost of Rs.

1499.25 per set from the agency (M/s. Nirman Publication, Namchi) for Rs. 10 lakh and other literary works worth Rs. 7.50 lakh from another agency (M/s. Janapakshya Prakashan, Gangtok) out of MPLAD scheme fund and supplied the same to Education Department for distribution to various schools.

The Education Department accepted these sets and distributed 557 sets to the 500 schools and retained 110 sets. It stated (June 2000) that the books purchased by the Education Department were for use as reference books to be kept in library and the sets received from the District Collector were meant for teachers' use for teaching in Classes X and above, beyond the syllabus. It was further noticed that MPLAD scheme does not provide for purchase of stock or inventory. Thus it could be seen that the purchase of books by the District Collector was without any requirement placed by Education Department and was beyond the scope of the scheme, resulting in irregular expenditure.

It was also noticed that out of the 500 schools to which the books were distributed, 395 schools did not have classes X and above and hence the reply of the Education Department was not tenable.

3.7.10 Creation of durable assets

The assets created were neither handed over to the respective Department nor provision kept for maintenance of these assets

Though an Assets Register was maintained in respect of assets created under the scheme, it was seen that all 166 assets like link roads, minor irrigation channels, footpaths, Jhora training works, protective works, school buildings, rural electrification etc. created during the period under review had not been handed over to the concerned local bodies or authorities for maintenance and upkeep as envisaged in the scheme. The District Collector had also not ensured provision of funds for maintenance and upkeep of the assets created. Thus, maintenance and upkeep of the assets remained un-ascertained and the works were likely to deteriorate with the passage of time.

The Department stated (September 2000) that the matter had been discussed with the various departmental representatives and they stated that till date they had not projected the financial involvement for repairing and upkeepment of schemes implemented through MP fund. However, the matter would be discussed with the Planning and Finance Department, Government of Sikkim and final outcome of the discussion intimated to Audit.

3.7.11 Non-deduction of sales tax at source

According to notifications issued during August 1995 and June 1996 under the Sikkim Sales Tax (amendment) Rules 1994 and 1996, any Department responsible for making payment to any contractor on account of a works contract, shall at the time of making payment to contractors deduct an amount equal to 2 per cent of the gross amount of bills towards sales tax.

Sales tax to the tune of Rs 3.79 lakh was not deducted from contractors bill

Test check of contractor's bills revealed that the Nodal Officer of the scheme had not deducted 2 per cent sales tax at source on the gross amount of Rs 189.71 lakh paid to the contractors in 34 cases during 1997-98 to 1999-2000. This resulted in non-realisation of the sales tax amounting to Rs 3.79 lakh.

The Department stated (September 2000) that the amount of sales tax would be adjusted from the security deposit deducted on the running and final bills.

3.7.12 Monitoring, evaluation and reporting

Works were to be inspected by the District Collector during 1997-98 and 1998-99 as per prescribed percentage of at least 10 per cent. During 1999-2000, in case of Lok Sabha MP, none of the 61 works was inspected by the District Collector and in case of Rajya Sabha MP, only 3 works were inspected by the District Collector as against the minimum of 6 which was required. No work was inspected by the District Collector along with the MPs concerned during the entire period of review. No reports of inspections carried out by the Collector during the entire period were ever sent to the concerned MPs as well as the DPI.

There was no monitoring at State Government level and evaluation was also not done by any agency

As per guidelines, monthly progress reports were to be sent to the Ministry of Planning and Programme Implementation in the prescribed proforma indicating the details of execution of works under the scheme. It was seen that during the entire period of 1997-98 to 1999-2000, against the 36 monthly progress reports required to be sent, only 8 reports in case of each MP were sent to the Ministry randomly against the requirement of sending the same in the first week of following month regularly. No information on the progress of works under the scheme was communicated on the Internet to the Ministry. There was no monitoring at the level of State Government. Evaluation of the scheme had not so far been done by any agency.

The Department stated (September 2000) that evaluation of the Scheme had been done by the officials of the DPI during June 2000.

URBAN DEVELOPMENT AND HOUSING DEPARTMENT

3.8 URBAN EMPLOYMENT GENERATION PROGRAMME

Highlights

The objective of the Urban Employment Generation Programme (UEGP) is to tackle the challenging task of poverty alleviation in urban areas, generation of employment for the urban poor and to provide self employment opportunities to educated unemployed youth. In order to fulfil the above objectives, the GOI introduced the scheme NRY (1989), UBSP (1990) PMIUPEP (1995) and PMRY (1993). The first 3 schemes were merged under a new scheme SJSRY introduced during December 1997. Audit scrutiny revealed that no system was ever followed to identify genuine beneficiaries. There was huge saving out of the fund released by the GOI / State Government. Expenditure incurred on various works was beyond the scope of the schemes and in areas where identical schemes were implemented which resulted in diversion of fund and duplication of work.

There was short utilisation of fund ranging between 22 and 96 per cent by the State Government during the period 1995-96 to 1999-2000.

(Paragraph 3.8.4(i))

Out of available fund of Rs 421.24 lakh for implementation of the programme, an amount of Rs 62.07 lakh could not be utilised by the Department. Further, the shortfall in release of State share under the programme was Rs 59.75 lakh.

(Paragraphs 3.8.4(ii)&(iii))

Planning criteria prescribed by the GOI for implementation of the scheme was not followed.

(Paragraph 3.8.5)

Benefit of the SUME subsidy and loan availed by the trained persons were not available on record.

(Paragraph 3.8.6(A)(i))

The Department incurred an expenditure of Rs 94.02 lakh under SUWE which included Rs 27.10 lakh spent for extension of office building and execution of works at VIP areas beyond the scope of the scheme.

(Paragraph 3.8.6(A)(ii))

Under SJSRY special assistance was to be provided for setting up of Community Seva Kendra. No expenditure was incurred for the purpose. But the Department wrongly intimated that Rs 18.13 lakh was spent for construction of Community Seva Kendra.

(Paragraph 3.8.6(c)(iii))

An amount of Rs 12.07 lakh was diverted towards purchase of motor vehicles.

(Paragraph 3.8.7(iv))

An excess amount of Rs 22.02 lakh was spent towards administrative and operational expenditure beyond prescribed ceiling.

(Paragraph 3.8.7(v))

In the absence of assets registers, it could not be ensured that community assets created under the programme were available for the beneficial use of the community.

(Paragraph 3.8.7(vii))

Monitoring and evaluation of the programme was not ever made.

(Paragraph 3.8.8)

3.8.1 Introduction

To tackle the challenging task of alleviation of poverty in urban areas, generation of employment for the urban poor and to provide self employment opportunities to educated unemployed youth, the Government of India (GOI), Ministry of Urban Affairs and Employment introduced the following schemes

(i) Nehru Rozgar Yojana (NRY) launched in October 1989 was recast as a Centrally Sponsored Scheme in March 1990. It consists of three sub-schemes, viz, (a) Scheme for setting up Urban Micro Enterprises (SUME), (b) Scheme of Urban Wage Employment (SUWE) and (c) Scheme of Employment through Housing and Shelter Upgradation (SHASU).

(ii) Urban Basic Services for the Poor (UBSP) was launched as a Centrally Sponsored Scheme in June 1990 with the objective of improvement of slums in the urban sector, imparting non-formal pre-school education to children with sup-lementary nutrition, health care, immunisation, awareness for environmental improvement, providing basic services for the poor etc.

(iii) Prime Minister Integrated Urban Poverty Eradication Programme (PMIUPEP) was launched as a Centrally Sponsored Scheme in November 1995 with the objectives of generation of employment and shelter upgradation, environmental improvement, effective achievement of social goals, improvement of hygiene and sanitation, etc.

(iv) "Swarna Jayanti Shahari Rojgar Yojana" (SJSRY) was launched by GOI as a Centrally Sponsored Scheme in December 1997.

All ongoing schemes (NRY, PMI UPEP, UBSP) were merged under SJSRY with effect from December 1997. The SJSRY consists of two sub schemes, viz (a) The Urban Self-Employment Programme (USEP), (b) The Urban Wage Employment Programme (UWEP).

In addition to the above schemes, the Prime Minister Rojgar Yojana (PMRY) was launched by GOI, Ministry of Industry in October 1993 with the objective to provide employment to persons by setting up of micro enterprises by the educated unemployed youth. It aims at setting up of self employment ventures through industry, service and business routes and to associate reputed Non-Governmental Organisations (NGOs) in implementation, selection, training of entrepreneurs and preparation of project profiles was also in operation.

3.8.2 Organisational setup

The responsibility for implementation of the programme(s) in the State was vested with the Urban Development and Housing Department (UDHD) headed by a Commissioner-cum-Secretary. The administration and implementation by the UDHD was centralised in the State Headquarters at Gangtok without any field offices in the Districts. In respect of Prime Minister Rozgar Yojana(PMRY), the programme was implemented by the Industries Department headed by a Secretary who is assisted by the Director at the State Level and 2 District Industries Centres at Jorethang for South-West Districts and Gangtok for North-East Districts each headed by Deputy Directors / Managers.

3.8.3 Audit Coverage

A review on the implementation of NRY, UBSP, PMI UPEP, SJSRY and PMRY schemes covering the period 1995-96 to 1999-2000 was conducted during May-June 2000 based on test check of records maintained at UDHD, Gangtok and its branch office at Jorethang. The results of the review are contained in the succeeding paragraphs.

3.8.4 Financial outlay and expenditure

The expenditure under NRY and UBSP was to be shared between the Central and the State Government on 60:40 basis and SJSRY on 75:25 basis respectively. In case of PMIUPEP the share between Central and the State Government varied depending on the component of the programme. As regards PMRY, the training expenses were to be directly released to the implementing authority by the GOI, loans were to be provided to the beneficiaries by the banks nominated by the RBI and subsidies to the loanees were directly released by the GOI to the nominated banks.

Funds released by the Centre and the expenditure incurred under the programme during 1995-96 to 1999-2000 were as follows:

Year	Name of the scheme	Opening balance	Fund released during the year		Total (4+5)	Expen-diture	Unspent balance* (3+6-7)
			Central	State			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			(Rupees in lakh)				
1995-96	NRY	31.87	28.46	30.00	58.46	59.04	31.29(35)
1996-97		31.29	22.70	25.00	47.70	61.43	17.56(22)
1997-98		17.56	17.15	28.67	45.82	30.55	32.83(52)
	TOTAL	**-**	**68.31**	**83.67**	**151.98**	**151.02**	
1995-96	UBSP	NIL	5.50	6.00	11.50	5.53	5.97(52)
1996-97		5.97	5.50	6.00	11.50	5.65	11.82(68)
1997-98		11.82	5.50	7.33	12.83	2.54	22.11(90)
	TOTAL		**16.50**	**19.33****	**35.83**	**13.72**	
1995-96	PMI UPEP	NIL***	NIL	NIL	NIL	NIL	NIL
1996-97		NIL	38.92	14.25	53.17	24.12	29.05(55)
1997-98		29.05	36.73	19.00	55.73	43.02	41.76(49)
	TOTAL		**75.65**	**33.25**	**108.90**	**67.14**	
1997-98	SJSRY	102.51#	20.51	NIL	20.51	4.60	118.42(96)
1998-99		118.42	30.98	12.87	43.85	116.98	45.29(28)
1999-2K		45.29	28.30	NIL	28.30	11.52	62.07(84)
	TOTAL		**79.79**	**12.87**	**92.66**	**133.10**	

(Detailed component wise allocation and expenditure in respect of the above schemes is given in Appendix XX to XXIII)

* *Percentage of unspent balance shown in brackets.*
** *Part of the amount of Rs.19.33 lakh relates to short release of fund during earlier years.*
*** *Central fund for 1995-96 was received in 1996-97 and as such expenditure was also booked from 1996-97.*
\# *Unspent balance of NRY, UBSB, and PMI UPEP of Rs 98.45 lakh and interest of Rs 4.06 lakh accrued thereon.*

The following points emerged in audit :

22 to 96 per cent of fund remained unutilised

(i) Funds for the programme were not fully utilised by the Department during the period covered under review. The total unspent balance at the end of each year constituted 22 per cent to 96 per cent of the available fund. The Department stated (September 2000) that unspent balance was due to the late release of fund from GOI.

(ii) Against the total fund of Rs 421.24 lakh available under NRY, UBSP, PMI UPEP and SJSRY during the period under review, an amount of

An amount of Rs. 55.37 lakh out of an unspent balance of Rs 62.07 lakh was kept in fixed deposit receipts

Rs 364.98 lakh was spent leaving a balance of Rs 62.07 lakh (including interest of Rs 4.06 lakh earned on closing balances of NRY, UBSP and PMI UPEP upto 30.11.97). Out of the unspent balance of Rs 62.07 lakh, Rs 55.37 lakh was kept in fixed deposit receipts (March 2000), out of which Rs 32.43 lakh was meant for SHASU component of NRY, which had not been implemented at all since inception of the scheme. The Department stated (September 2000) that fund meant for SHASU could not be utilised due to delay in conducting the survey to identify the beneficiaries.

Shortfall in release of State's share adversely affected the implementation of scheme

(iii) The shortfall in release of State's share since inception of the schemes under UBSP (upto November 1997), PMIUPEP (upto November 1997) and SJSRY (upto March 2000) was Rs 9.99 lakh (28 per cent), Rs 36.05 lakh (51 per cent) and Rs 13.71 lakh (107 per cent) respectively. The overall shortfall in release amounted to Rs 59.75 lakh. As a result, the objective of generation of employment and Upgradation of shelters etc. to raise the people above poverty line fell short by this extent.

Under NRY, there was excess release of Rs 3.98 lakh since inception till November 1997. The Department stated (September 2000) that shortfall in releasing of State share was due to liquidity and resource problem of the Government.

(iv) Under NRY, PMIUPEP and SJSRY, the funds were allotted component-wise. Accordingly, the account thereof was also required to be maintained component-wise which was not done. From the component-wise expenditure as calculated by audit as shown in **Appendix XIX, XX, XXI,** and **XXII** it would be seen that the expenditure / unspent balance under these programmes reported by the Department to GOI was either overstated or understated. The Department stated (September 2000) that GOI guidelines did not specify maintaining component-wise figures of expenditure. Reply is not tenable as since the Department was required to furnish component-wise expenditure figures to GOI, the accounts should also be maintained component-wise.

(v) As per codal provisions[#], amounts received by any State Government by debiting major head 3601 in the Central sector needs to be credited under the major head 1601-Grants-in-aid of the State sector. In the case of all these schemes, the GOI released Rs 240.25 lakh during the period 1995-96 to 1999-2000 by debiting the MH-3601-Grants-in-aid in the Central Sector. This amount should have been accounted for in the major head-1601-Grants-in-aid operated by the Finance Department by duly depositing the bank drafts received from GOI into the State Bank of Sikkim (banker to the Government).

This was not done due to wrong advice preferred by an Under Secretary to the GOI in October 1996 that the amounts received should not be deposited in

[#] ***In para 2.4 read with para 3.9 and para 6.5 of the General Direction of the List of Major and Minor Head of Accounts of the Union and the State.***

The entire amount of Rs. 240.25 lakh released by GOI was kept outside the Government account

Government of Sikkim's exchequer. Thus, the entire amount of Rs 240.25 lakh did not form part of the cash balance of the State as the amount was kept outside Government account (in different bank accounts maintained by Department). It was also noticed that vouchers in respect of the expenditure incurred from the Central share were never submitted to the Accountant General and therefore, the expenditure of the Government was also under exhibited to this extent.

3.8.5 Planning

As per the scheme guidelines, the following activities were also to be undertaken before implementation.

Identify genuine beneficiaries through house to house survey was to be conducted.

There was absence of proper planning and survey for identification of intended beneficiaries.

Undertake rapid appraisal of low-income communities focussing on specific problem areas and mark out all urban poor clusters in each town through spatial mapping.

Need based assessment of the community should be undertaken.

Preparation of financial flows and work plans.

Assessment with respect to beneficiaries of schemes for training in specific trades for skill development.

Finalise action plan for targets and area coverage before the start of the year.

It was observed that none of the above planning criteria was ever followed by the Department and no survey was ever conducted (till March 2000) to identify the beneficiaries/slum areas before implementation of the programmes. The Department stated (September 2000) that constitution of District Urban Development Agency (DUDA) and other planning criteria applicable for bigger States is not feasible in a small State like Sikkim and presently the Department fulfills all the planning criteria applicable to SJSRY scheme.

3.8.6 Scheme Implementation

The implementation of the various schemes and audit findings thereon is enumerated in the following paragraphs.

(A) Nehru Rozgar Yojana (NRY)

(i) Setting up of Urban Micro Enterprise (SUME)

(a) Under the scheme, training was to be provided to urban unemployed youth to set up self employment ventures, etc. and financial assistance in the form of subsidy, (25 per cent subject to maximum Rs 4000 for General category and Rs 5000 for SC/ST/Women) and institutional finance to be provided by scheduled bank (75 per cent) to identify under employed/unemployed urban youths below the poverty line to enable them to set up small/micro enterprise relating to servicing, petty business and manufacturing. Against the target of 804 cases for disbursement of loan and subsidy during 1995-96 to 1997-98, the achievement was only for 621 cases against which Rs 22.11 lakh was disbursed as subsidy. In 31 cases, subsidy was released in excess of the norm.

Training objective remained to be achieved.

(b) Out of 770 persons trained under the schemes 412 trainees belonged to rural area (including 6 trainees belonging to high-income group) who were ineligible for this benefit. The expenditure for imparting training to these 412 trainees was Rs 9.09 lakh. The Department did not maintain any record relating to the persons trained vis-à-vis the persons availing of the loan and subsidy facilities. However, it was seen in the audit that none of 770 persons trained under the scheme at an expenditure of Rs. 16.64 lakh had availed the loan facilities. Thus, the intended objective of imparting training under the scheme was not achieved.

(ii) Scheme of Urban Wage Employment (SUWE)

The scheme envisaged provision of wage employment to urban poor beneficiaries by utilizing their labour for construction of socially and economically useful assets in slum areas with particular emphasis on low cost sanitation and drainage works. Scrutiny of records revealed that the Department incurred an expenditure of Rs 94.02 lakh between 1995-96 to November 1997 out of which an amount of Rs 27.10 lakh (28.82 per cent) was spent for extension of departmental office building and execution of works at most developed areas in and around Gangtok. The expenditure was not in conformity to the scheme as there was no creation of the community assets in slum areas.

There was diversion of Rs 27.10 lakh.

Further, the Department incurred an expenditure of Rs 94.02 lakh for minor works against an allocation of Rs 36.70 lakh and thereby spent Rs 57.32 lakh (includes Rs 27.10 lakh mentioned in preceding para) in excess. This excess expenditure was met from the funds allocated against other components of the scheme and thus was at the expense of other objectives of the scheme.

(iii) Assistance to NGO and Strengthening of ULBs

Under the components "Assistance to NGOs" and "Strengthening of Urban Local Bodies (ULBs) of NRY Scheme, a sum of Rs 44.35 lakh was allocated/available between 1995-96 to 1999-2000 for providing assistance to NGOs and strengthening of ULBs. The ULBs were to identify potential beneficiaries after taking assistance from NGOs and others. The Department could neither identify any NGOs for granting the assistance nor was any ULB functioning in the State despite the assurance of the Department to GOI (August 1997) that elections to the one and only Municipality in Sikkim would be held soon. This amount was diverted to the other components of the NRY scheme. In the absence of the ULB and identification of NGOs, the object of proper selection and identification of beneficiaries was frustrated.

(iv) Rs. 10.85 lakh was incurred on wages under the NRY scheme during 1995-96 to 1997-98 for generation of 16810 mandays in works carried out in rural areas as detailed in **Appendix-XXIII(a).** This resulted in non-generation of employment in urban areas depriving the urban poor of the benefit to the extent of Rs. 10.85 lakh.

(B) Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP)

(i) Environmental improvements of slums and improvement of basic physical amenities

Expenditure of Rs 26.53 lakh did not contribute towards the objective of improvement of slum areas.

The PMIUPEP guidelines stipulated that the work relating to basic physical amenities were to be provided in identified slum areas only. Rs 47.73 lakh was incurred on this component of the scheme. Out of this amount, an amount of Rs. 26.53 lakh (55.58 per cent) was spent for providing amenities like protective wall, construction of footpath, carpeting work, car parking within the vicinity of the main market area and other most developed areas of Gangtok. Thus the expenditure of Rs 26.53 lakh did not contribute to improvement of slum areas which was the objective of the scheme. Further, against a total provision of Rs. 44.02 lakh under this component, the Department incurred an expenditure of Rs 47.73 lakh and thereby spent Rs 3.71 lakh in excess.

(ii) Distribution of subsidy

There was non-utilisation of subsidy of Rs 36.26 lakh.

To encourage underemployed and unemployed youth to set up small industries, a maximum allowable subsidy of 15 per cent of project cost subject to a limit of Rs 7,500 was to be given to each beneficiary. Under this component, Rs 37.38 lakh was received from GOI and State Government during 1996-97 and 1997-98 out of which the Department released only Rs 1.12 lakh to bank as subsidy in favour of 25 beneficiaries during the year 1997-98. This resulted in non-utilisation of an amount of Rs 36.26 lakh and the intended recipients of the subsidy were deprived of their benefit to this extent. It was also noticed that no yearwise target for sanction of loan and release of subsidy had been fixed after proper identification of beneficiaries.

The Department stated (September 2000) that non release of subsidy was mainly due to want of takers of the scheme which is a loan based programme and did not attract the beneficiaries as compared to schemes in other department which are grant based.

(iii) Non implementation of other components of the programme

Despite availability of fund of Rs 3.74 lakh, the scheme was not implemented.

Three other components of the programme, namely provisions of Basic Social Amenities, Community Organisation and Empowerment and Establishment of Multipurpose Community Kendras were not implemented even though funds to the extent of Rs 3.74 lakh, Rs14.26 lakh and Rs 3.48 lakh respectively were available with the Department. Further, scrutiny of returns submitted by the Department to the GOI revealed that Rs 3.48 lakh reported to have been spent under the component "Establishment of multi purpose community kendras" was not actually spent as verified by audit. Thus the Department was not reporting facts and figures to GOI correctly. In reply, the Department stated (September 2000) that due to lack of infrastructure, the health and education related scheme could not be implemented.

(iv) Training

The guidelines envisaged that the facilities under the scheme were exclusively intended for urban poor, living below the poverty line. However, out of 345 persons trained under the scheme during 1995-96 to 1999-2000 at an expenditure of Rs. 4.02 lakh, 201 persons belonged to the rural areas. Further, 13 out of these 201 persons belonged to the higher income group. This has defeated the objective under the scheme, besides depriving the urban poor of their intended benefits.

(c) Swarna Jayanti Sahari Rojgar Yojana (SJSRY)

(i) Urban Wage Employment Programme (UWEP)

There was diversion of fund of Rs 7.12 lakh meant for providing basic physical amenities in slum areas.

The scheme guidelines stipulated that basic physical amenities were to be provided in identified slum areas within the Urban Local Bodies. Scrutiny of records revealed that out of the total works expenditure of Rs 68.97 lakh between December 1997 to March 2000, an amount of Rs 7.12 lakh (10.32 per cent) was spent for providing amenities such as protective wall, construction of footpath, carpeting work and car parking etc. at different places within and in the vicinity of the main market area and other developed areas of Gangtok which were not slum areas. This was not in accordance with the scheme and resulted in diversion of Rs 7.12 lakh meant for the slum area. The Department stated (September 2000) that the slum population is scattered all over the town area and in all cases people from their scattered slum areas were chosen for execution of the work under the programme.

(ii) Urban Self-Employment Programme (USEP)

Rs 28.91 lakh was released without identifying genuine beneficiaries

It was noticed that Rs 28.91 lakh was released by Department between December 1997 to March 2000 to bank as subsidy under employment generation component in favour of 303 beneficiaries (SC: 21, ST: 182, Others: 100) without identification of beneficiaries through house-to-house surveys, economic criteria etc., as per GOI guidelines. In the absence of the same it could not be vouchsafed as to whether the "poorest of the poor" as envisaged in the schemes were the beneficiaries of the subsidy. The Department stated (September 2000) that all the persons were deserving beneficiaries and in absence of below poverty line certificate, genuineness of the beneficiaries was verified on the basis of their annual income certificate, educational qualification and certificates of scheduled caste/tribe/other backward class issued by the competent authority. Reply was silent on the requirement of identifying and extending the benefits to the poorest of the poor as envisaged in the scheme.

(iii) Assistance to community structure

Incorrect information was given to GOI regarding construction of community Seva Kendras for Rs 18.13 lakh

Under this component, special assistance of Rs. 45.62 lakh was received from Central and State Governments between December 1997 and March 2000 for setting up of community seva kendras against which Rs. 18.13 lakh was spent leaving an unspent balance of Rs.27.30 lakh. Scrutiny of records further revealed that Department intimated GOI (30 December 1999 and 18 May 2000) that an amount of Rs 18.13 lakh was spent for construction of community structures at different places in Sikkim. However, cross verification of the nomenclatures of all the works executed revealed that not a single work relating to construction of community structures was executed in any part of the State. The reasons for this type of wrong reporting to GOI were not intimated to audit. The Department stated (September 2000) that in implementing the scheme, two community based structures were involved, viz. (1) Formation of Women Neighbourhood Group and (2) Construction of Training-cum-Production Centre for Women and also setting up of Community Seva Kendra. Reply is not tenable as the stated expenditure was from the provision under Thrift Credit Societies and not from assistance to community structure.

Rs 6.41 lakh was incurred in rural areas depriving the urban poor of the benefit

(iv) Rs. 6.41 lakh was incurred on wages during 1995-96 to 1997-98 under SJSRY for generation of 27100 mandays in works carried out in rural areas against the objective of the scheme as detailed in **Appendix- XXIII(b).** This resulted in non-generation of employment in urban areas depriving the urban poor of the benefit to the extent of Rs. 6.41 lakh.

(v) The benefits under the SJSRY were exclusively intended for the poor below poverty line residing in urban areas. However, it was seen in audit that 50 persons trained under the scheme during 1995-96 to 1999-2000 at an expenditure of Rs. 1 lakh belonged to rural areas. Out of these persons, 9 belonged to the higher income group. This resulted in deprival of the urban poor of the intended benefits under the scheme.

(D) Prime Minister Rozgar Yojana (PMRY)

The scheme envisaged providing self employment to educated unemployed youth for setting up small industry, service and business enterprises etc. Project cost up to Rs 1 lakh in case of an individual beneficiary was covered under the scheme. The implementing authority i.e. the Department of Industry, Government of Sikkim would recommend the names of the eligible candidates to the commercial bank who after proper scrutiny and survey, would extend the loan facilities to the loanee. GOI would also provide subsidy at the rate of 15 per cent of the project cost subject to a ceiling of Rs 7500 per person. This subsidy was to be obtained by the disbursing bank from the GOI directly and on receipt, the amount was required to be adjusted in the loanee's account.

The yearwise figures of target and achievement for Sikkim collected by audit from the bank (SBI, Gangtok) which was functioning as the lead bank in the State were as under:

Year	Targets (No of projects)	Achievement as verified by Audit				
		No of applications received	Total loan sanctioned		Total loan disbursed	
			No	Amount	No	Amount
			(Rupees in lakh)			
93-94	Nil	Nil	Nil	Nil	Nil	Nil
94-95	250	188	73	35.16	52(79)	23.27
95-96	200	262	166	66.42	84(58)	35.47
96-97	252	247	126	48.52	87(65)	31.43
97-98	252	90	53	18.35	21(92)	7.04
98-99	245	124	77	27.55	58(76)	18.59
99-00	NA	Not compiled. Figure not produced to audit.				

NA = Not available. Figures in brackets indicate percentages with reference to target.

From the above figures it would be seen that there was a shortfall ranging between 58 to 92 per cent between the number of projects where loan was actually disbursed with reference to the target fixed by the lead bank which indicated the failure of the Department as well as the concerned banks in creating awareness amongst the intended beneficiaries about the scheme, lack of monitoring and proper follow up action.

Scrutiny of records of 115 cases (100 per cent) of 8 Banks (3 in North District, 2 in South District, 2 in East District and 1 in West District out of a total of 44 Banks in the State) revealed the following:

(i) Delay in credit of subsidy by the GOI to Bank resulted in the additional interest burden to the beneficiaries.

Delay in release of subsidy by GOI led to additional interest burden on the loanees

Banks were in the first instance advancing loans (including subsidy element) to the loanees. The subsidy element was subsequently to be got reimbursed by the bank from GOI.

Test check of records revealed that in all cases, the subsidy amount was released/credited to the Banks by the GOI several years after the loan was sanctioned to the loanees. The delay in release of subsidy by GOI varied from 1 year to 5 years from the date of disbursement of the loan. This resulted in an additional interest burden on the loanees as they were required to pay interest on the subsidy element advanced to them by the Bank till the period of credit of the subsidy by GOI to the Bank. Thus, the beneficiaries were over burdened with the interest, which they were not to pay. Reasons for the delay in credit of subsidy were not available on the record. Details of the cases are given in **Appendix - XXIV**.

(ii) Increase in number of defaulter cases.

Principal including interest to the tune of Rs 18.24 lakh was not recovered by the banks from loanees

Scrutiny (September 2000) of the 115 cases of loans sanctioned during 1994-95 to 1998-99 to the tune of Rs 57.42 lakh revealed that in 85 cases, the principal including interest amounting to Rs 18.24 lakh as on 31 March 2000 was not recovered by the Banks from the loanees. In 52 out of the 85 defaulting loanees, involving Rs 12.43 lakh, the units were either closed or defunct as intimated by the Banks (September 2000) as detailed in **Appendix – XXIV.**

The implementing authorities never surveyed / evaluated the existing status of the loanee units to ascertain the recoverability of loans and take remedial measures thereagainst.

3.8.7 Other topics of interest

(i) Advances were booked as final expenditure without ascertaining actual utilisation

Advances aggregating Rs 54.65 lakh paid under the four schemes during 1995-96 to 1999-2000 to implementing officers for payment to Muster Roll labourers for works executed departmentally and to Social Welfare Department for undertaking different social works/activities through NGOs, etc. were booked as final expenditure without adjustment of vouchers/ utilisation certificates. The Department stated (September 2000) that payment is made through muster roll form and the acknowledgement of receipt of payment is obtained. Reply is not acceptable as only one adjustment voucher and copy of muster roll form could be shown to audit. The Department further stated that the utilisation certificates would be obtained from Social Welfare Department.

(ii) Excess expenditure on training – Rs 11.54 lakh

Excess expenditure of Rs 11.54 lakh was incurred on training by diverting fund from other components of the scheme

1232 persons under NRY, PMIUPEP and SJSRY were provided training for skill development with a view to help them to set-up self-employment ventures or secure salaried employment with enhanced remuneration. As per GOI guidelines, the per capita trainee expenditure for a maximum period of three hundred hours should be limited to Rs 1200 in case of NRY and Rs 2000 incase of PMIUPEP and SJSRY. Scrutiny of records revealed that against the admissible amount of Rs 18.48 lakh for conducting training, the Department spent an amount of Rs 30.02 lakh resulting in excess expenditure of Rs 11.54 lakh by resorting to diversion of fund from other components of the scheme as detailed below:

Name of the scheme	Per capita training expenditure	No. of trainees	Expenditure incurred	Admissible expenditure	Excess expenditure
					(Rupees in lakh)
NRY	1200	770	16.64	9.24	7.40
PMI UPEP	2000	345	9.14	6.90	2.24
SJSRY	2000	117	4.24	2.34	1.90
TOTAL		**1232**	**30.02**	**18.48**	**11.54**

The Department stated (September 2000) that the excess expenditure was because of the rise in the price of raw materials and tool kits.

(iii) Material and wage component

Due to excess expenditure on materials, employment for 27675 Mandays could not be generated.

The expenditure on the material and wage components of the programme was fixed in the ratio of 60:40. An expenditure of Rs 162.99 lakh (NRY: Rs 94.02 lakh and SJSRY: Rs 68.97 lakh) was incurred during 1995-96 to 1999-2000 but componentwise material and wage expenditure records were not maintained by the Department. On the basis of records of completed works costing Rs 101.83 lakh produced to audit, it was seen that the ratio of material and labour component varied between 52:48 to 80:20 under NRY and 80:20 to 58:42 under SJSRY respectively. The excess cost of material utilised in the works worked out to Rs 11.07 lakh (NRY: Rs 1.95 lakh and SJSRY: 9.12 lakh). As a result 27675 mandays of employment which could have been generated to the extent of Rs. 11.07 lakh was foregone. The Department stated (September 2000) that in view of constant labour rate since April 1995 and on the other hand exorbitant rise in the material cost, there might have been gaps between material cost and labour cost in any work.

(iv) Diversion of funds

There was no provision in the guidelines for purchase of vehicles from the scheme funds. It was observed that the Department purchased 3 vehicles at a cost of Rs 12.07 lakh (NRY: Rs 1.97 lakh in May 1995 and PMIUPEP: Rs 6.81 lakh in June 1996 and November 1997) without obtaining approval from the GOI resulting in diversion of fund.

(v) Expenditure of Rs 22.02 lakh in excess of prescribed ceiling

There was excess expenditure of Rs 22.02 lakh above the prescribed ceiling

The respective scheme guidelines stipulated that the Department could spend 15 per cent, 5 per cent and 3 per cent of the total fund available at the State level respectively under UBSP, PMIUPEP and SJSRY towards the administrative and operational expenditure. It was seen during audit that against the admissible expenditure of Rs 13.67 lakh for administrative and operational expenditure during the period under review, the Department spent an amount of Rs 35.69 lakh which resulted in excess expenditure of Rs 22.02 lakh as detailed below:

Name of the scheme	Fund available	Expenditure under A&O.E	Admissible Expenditure	Excess
	(Rupees in lakh)			
UBSP	35.83	5.93	5.37	0.56
PMI UPEP	110.65	9.16	5.53	3.63
SJSRY	92.66	20.60	2.77	17.83
TOTAL	**239.14**	**35.69**	**13.67**	**22.02**

The delivery of the benefits under the various component of the schemes therefore, fell short to this extent. The Department stated (September 2000) this was an onetime expenditure incurred for implementing the scheme effectively. The reply is not tenable as there was no provision in the scheme for purchase of vehicles, nor had prior approval of GOI been obtained.

(vi) Non-disposal of finished products prepared during training out of the raw material of Rs 4.83 lakh

Articles prepared during the training courses were to be collected and sold to the trainees, training institutes or to any other body at the price of raw material utilised. An amount of Rs 4.83 lakh was spent for the purchase of raw materials required for training course relating to tailoring, knitting, carpentry etc. It was seen that articles prepared during training were not disposed of through sale or auction so as to recover the cost of raw materials used. The Department stated (September 2000) that all the materials were lying in stores and action would be initiated for their disposal through auction.

(vii) Non-maintenance of assets register

Scrutiny of Cash Book revealed that the Department incurred an expenditure of Rs 213.13 lakh (NRY, PMIUPEP, UBSP and SJSRY) under wage employment programme. However, no assets registers were found maintained by the Department. As a result, the details of assets created, benefit actually extended to the urban poor and the extent of work done could not be ascertained. Further, due to non maintenance of the register, the possibility of the same work being shown against more than one scheme could not be ruled out. The Department admitted (September 2000) that assets registers maintained by the Department were not in complete form. However, the same would be maintained from now onwards.

3.8.8 Monitoring and Evaluation

Impact of implementation of the scheme could not be ascertained as no survey was ever carried out to assess the result.

(i) Impact assessment of implementation of the scheme

Household survey for identification of beneficiaries and follow up survey was not carried out to ensure that beneficiaries had crossed the Below Poverty Line (BPL) through implementation of the schemes. As a result, the number of beneficiaries who crossed BPL and the improvement in quality of life of beneficiaries could not be analysed. Further, the schemes were meant for urban towns. Benefits were also not extended to the poor through SHASU. The urban poor were thus, deprived of funds to this extent.

The Department stated (September 2000) that household survey was conducted during June 1999 and undertaking of follow up survey to ensure that the beneficiaries had crossed the BPL is no where mentioned in the guidelines. The reply of the Department confirms the contention of audit that the schemes were taken up without conducting any survey to identify the beneficiaries. The follow up surveys eventhough not expressly stipulated in the guidelines, should have been carried out as a normal exercise in the interest of sound Programme management.

(ii) Monitoring

The financial and physical achievement of the programme remained unassessed as no monitoring cell was established by the Department

No monitoring cell was established by the Department to review and evaluate the financial and physical achievements of the programme in the absence of which any defects and shortcomings in implementation of the schemes could not be regularly assessed and timely remedial measures initiated by the Department. No norm prescribing the periodicity of inspections of the schemes by the executing authority to ensure their proper assessment and monitoring was prescribed either by GOI or the Department. No studies / evaluation of the achievement and impact of the schemes was ever made. Thus the benefit that was actually derived from the implementation of the schemes remained unassessed. The Department stated (September 2000) that a monitoring cell to review and evaluate the programme has been proposed. However, periodical inspections of the schemes are carried on regularly by the officers of the Department. Reply is not tenable because the Department could not produce any records relating to periodical inspection of the schemes.

CHAPTER III

CIVIL DEPARTMENTS

SECTION : B

AUDIT PARAS

Paragraph	*Particulars*	*Page*
	Animal Husbandry and Veterinary Services Department	
3.9	***Unauthorised expenditure and non-utilisation of fund***	*127*
	Health and family Welfare Department	
3.10	*Irregular and excess payment of outright Medical Grant Rs 6.40 lakh.*	*128*
3.11	*Non implementation of scheme led to idle fund of Rs 8.00 lakh*	*129*
	Home Department (Relief and Rehabilitation Cell)	
3.12	*Irregularities in the resettlement of Tibetan Refugees in the State*	*130*
	Land Revenue Department	
3.13	*Irregular expenditure and locking up of fund*	*131*
	Sports and Youth Affairs Department	
3.14	*Unauthorised expenditure from NSS fund*	*132*

CHAPTER III
SECTION B
(AUDIT PARAS)

ANIMAL HUSBANDRY AND VETERINARY SERVICES DEPARTMENT

3.9 Unauthorised expenditure and non-utilisation of fund

Due to deviation from work plan and non-implementation of scheme, the objective of eradicating rinderpest within a time bound period could not be achieved

The Government of India (GOI) launched the National Project on Rinderpest Eradication (NPRE) during 1992-93. The project aimed to eradicate rinderpest within a time bound period of 6 years. Before inception of the project in 1992, the State had been declared (October 1991) provisionally free from rinderpest. However, to achieve complete eradication of rinderpest and as per direction of the GOI (November 1995), the Department was to carry out sero-surveillance work to find out the possible presence of hidden focci of disease in the State by undertaking village search programme.

The GOI sanctioned and released (November 1996) Rs 7 lakh for carrying out survey and the amount was to be utilised as per work plan and budget intimated by GOI on TA/DA, campaign and training, vehicle running costs, publicity through cinema/television/radio programme etc.

Test check (August 1999) of records of Animal Husbandry and Veterinary Services Department revealed that the Department spent an amount of Rs 6.94 lakh towards purchase of chemicals, glassware, modification of Elisa laboratory at Deorali etc. which were not as per work plan. This resulted in an unauthorised expenditure of Rs 6.94 lakh as equipping the existing lab was the responsibility of the State Government from its own resources. Further, due to deviation from the work plan, the objective of the programme of Sero-surveillance through village search for which Rs 7 lakh was received was not achieved.

GOI sanctioned and released (February 1998) Rs 16.50 lakh for implementation of second phase of the project within 1997-98. Since the GOI released the amount at the end of the year and it was not possible to utilise the fund within March 1998, the GOI was requested to revalidate the sanction for expenditure of Rs 16.50 lakh during 1999-2000. The revalidation was granted by GOI and intimated to Department in July 1999. However, the funds could not be utilised till March 2000 as no provision was kept in the budget of 1999-2000. As a result, the scheme could not be implemented and the objective of eradicating rinderpest within a time bound period could not be achieved. Further, the Department failed to take up the matter with the Finance Department for making necessary provision and release of fund in time.

The Department stated (February 2000) that the State Government has to have a functional Elisa laboratory without which carrying out the second phase of the programme would become impossible for which the fund of Rs 6.94 lakh was utilised for modification of existing laboratory, purchase of chemicals and glassware etc. It was further stated that the Department was aware of the sanction and release of Rs 16.50 lakh during 1997-98 only in March 1999 as the relevant order was directly sent to the Finance Department.

The reply is not tenable as the items covered against the expenditure of Rs 6.94 lakh were to be funded by the State and not met out of the funds provided for the work plan. Further, the contention of the Department that it was not aware of the sanction/release of Rs 16.50 lakh till March 1999 was not correct as the relevant order was received by the Department in March 1998 itself as verified in Audit from the departmental records.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.10 Irregular and excess payment of outright Medical Grant - Rs. 6.40 lakh

Despite the recommendations of the PAC and a State Government notification, the Department persistently violated and paid irregular and excess Medical Grant

Mention was made in paragraph 3.1.9 and 3.8 of Audit Reports 1984-85 and 1988-89 respectively regarding non-adjustment and excess payment of medical advances to the general public of the State. In pursuance of recommendations of the Public Accounts Committee (1990-91) on the above paragraphs, Finance Department issued a notification in October 1990 according to which an outright one-time grant of Rs 5000 for treatment outside the State would be available to the members of public subject to verification of the bonafides of the claimants. Instances of violation of the provisions of the aforesaid notification were again mentioned in paragraph 3.5 of Audit Report 1992-93. On the basis of department's reply that the matter had been moved for regularisation, the Public Accounts Committee (1996-97) desired that a detailed report might be made by the Department within 3 months for further consideration/examination. In the meantime, during September 1995, another notification was issued by the Health and Family Welfare Department stipulating that a maximum outright one time amount of Rs 10000 as a partial assistance may be sanctioned by Secretary of Health and Family Welfare Department on the recommendation of the Medical Board for four diseases (Cancer, Organ Transplant Surgery, Bye-pass Surgery and selected Neuro surgery). The Chief Minister and the Minister of Health may, at their discretion in exceptional cases, sanction upto Rs 20000 and Rs 15000 respectively.

While action taken on the recommendation of Public Accounts Committee was not on record, the Department continued to violate the clear and specific directions of the Government. During January 1996 to December 1999 in 45 cases, against the maximum admissible amount of Rs 8.60 lakh, the Department paid Rs 15.00 lakh to 43 persons resulting in irregular excess payment of Rs. 6.40 lakh. The excess payment to individuals ranged from Rs5000 to Rs30000 and in one case, 3 payments totaling Rs 45000 were made to the same person within a span of 10 months.

The matter was initially reported to the Department and Government during May 1999 and subsequently figures updated in March 2000. The Department stated (June 1999) that the amount had been sanctioned by higher authorities inspite of the Department's recommendation for only the admissible amount. The Department further stated (September 2000) that the higher authorities have been informed of the Audit observation and requested to sanction the amounts that is admissible under the rules.

3.11 Non implementation of scheme led to idle fund of Rs 8 lakh

Drug De-addiction programme could not be implemented due to non-establishment of Centre at Namchi leading to idle retention of Rs. 8 lakh for more than two years

Government of India sanctioned (September 1997) Rs 8 lakh for strengthening / setting up of Drug De-addiction Centre at District Hospital, Namchi. The amount was received (January 1998) by Chief Medical Officer (CMO), Namchi and the same was credited (May 1998) in a current account opened in the State Bank of India, Namchi. Retention of money outside the Government account was in contravention of financial rules of the Government. Subsequently, the amount was withdrawn and sent (July 1998) to the Finance Department for crediting into Government account.

Test check (January-February 2000) of records revealed that the work of strengthening / setting up of Drug De-addiction Centre at Namchi was not taken up as of April 2000. Due to non-implementation of the scheme, the intended benefit could not be provided to the public and the amount of Rs 8 lakh remained idle for more than two years.

Department stated (June/September 2000) that due to non-availability of suitable site, the work could not be taken up in time and the site has finally been located within the District Hospital premises for taking up the work within March 2001.

HOME DEPARTMENT
(RELIEF AND REHABLITATION CELL)

3.12 Irregularities in the resettlement of Tibetan Refugees in the State

A survey carried out by the State Government during 1982-83 identified 305 Tibetan Refugee families for resettlement in the State. The Relief and Rehabilitation Cell (RRC) under administrative control of Home Department was entrusted with the rehabilitation activities and the expenditure incurred by the Cell was periodically reimbursed by Government of India.

During 1995-96 to 1999-2000, the Department spent Rs. 14.50 lakh towards establishment expenses out of the provision of Rs. 16.30 lakh made available by the State. However, while only Rs 7.20 lakh was claimed for reimbursement for the years 1995-96 to 1997-98, Rs 6.58 lakh was reimbursed (August 2000). In addition, Government of India sanctioned Rs. 23.95 lakh for residential accommodation, improvement of road and water supply scheme. During the process of resettlement, the following irregularities were noticed:

i) No target date was fixed by the State Government for completion of the resettlement process due to which the achievement could not be assessed in Audit.

ii) Mention was made in paragraph 4.2 of the Audit Report on the Government of Sikkim for the year 1998-99 about the construction (May 1993) of 100 quarters at Rabongla at a cost of Rs 25.25 lakh out of which Rs 17.00 lakh was received from the GOI. As of August 2000, only 56 quarters were allotted leaving 44 quarters unutilised. Even though there were 305 identified Tibetan refugee families, the reasons for non-allotment of the quarters to the remaining families were neither stated nor on record. This resulted in non-fulfillment of objective (44 per cent) for which expenditure was incurred. It was further seen in Audit (September 2000) that due to passage of time since the construction in 1993, the unutilised quarters needed repair which was being carried out by the Central Tibetan Relief Committee (CTRC) at Rabongla.

iii) An amount of Rs 2.90 lakh was sanctioned (November 1996) by the GOI towards Road Improvement Scheme at Rabongla. On the request of the State Government, the amount of sanction was enhanced (December 1999) to Rs 5.15 lakh by the GOI. The progress of work, expenditure incurred, separate accounts for the projects etc could not be furnished by the RRC as the same were stated to be with the CTRC at Rabongla which was the implementing agency. The work was not completed till August 2000.

iv) Against the sanction (November 1999) by the GOI towards Drinking Water Supply Scheme for the families settled in Rabongla, the State

Government released (March 2000) Rs 1.80 lakh to CTRC, Rabongla for implementation. The scheme was not completed till August 2000.

From the above, it would be seen that the RRC could not take effective measures towards the resettlement and provision of basic amenities to the Tibetan Refugees in the State.

The Home Department (August 2000) accepted the audit observations.

LAND REVENUE DEPARTMENT

3.13 Irregular expenditure and locking up of fund

The Department irregularly utilised Rs 5.01 lakh beyond the sanction and also locked up Rs 15.00 lakh under Civil Deposit.

The Government of India (GOI) approved a scheme "Strengthening of Revenue Administration and Updating of Land Records" at a total cost of Rs 32 lakh. The expenditure was to be borne on a 50:50 basis between GOI and State Government. GOI accordingly released (March 1991) Rs 16 lakh as its share. The State Government also released its share of Rs 16 lakh (1.60 lakh during 1995-96 and Rs14.40 lakh during 1996-97).

Scrutiny of records revealed (July 1999) that the Department incurred an expenditure of Rs 15.46 lakh during 1995-96 and 1996-97 towards purchase of modern survey equipments, training of field staff etc. out of which Rs 5.01 lakh was irregularly utilised beyond the scope of sanction towards purchase of xerox / lamination machine, stationery for computer, training of headquarter-staff instead of field-staff and providing storage facilities for Land Records in West District. It was further noticed that against Rs 20 lakh earmarked for the construction of Training Institute, an amount of Rs 15 lakh was transferred (May 1997) to Rural Development Department (RDD) which was kept (June 1997) in Civil Deposit Head by the RDD. It may be mentioned that there exists no provision under which such fund can be deposited in Civil Deposit.

Further the main objective under the programme was for imparting training to the 100 revenue personnel of the Department as against which only 4 personnel have been trained so far outside the State.

Thus, not only the fund of Rs 5.01 lakh was irregularly utilised but also an amount of Rs 15 lakh remained locked up since 1991 which led to the non-establishment of training institute and resulted in 96 per cent of revenue personnel being left untrained.

In reply, the Department stated (May 2000) that there was no irregular expenditure as the fund was utilised for purchase of items which have direct link with the scheme meant for maintenance of land records. Further with regard to locking up of Rs 15 lakh, it was stated that the implementing Department (RDD) was responsible for the non-commencement of work.

Reply of the Department is not tenable as the scheme envisaged purchase of survey equipments, training of survey (field) staff and construction of training institute only. The expenditure of Rs 5.01 lakh was beyond the scope of the scheme. Besides, construction of Training Institute being the most important component of the scheme, it was the primary responsibility of the Department to monitor the progress of work and get the construction expedited.

SPORTS AND YOUTH AFFAIRS DEPARTMENT

3.14 Unauthorised expenditure from NSS fund

Payment of Salary of part time State Liaison Officer without requisite qualifications and wages of driver from NSS fund in contravention of the guidelines of the scheme resulted in an unauthorised expenditure of Rs 5.70 lakh

To implement National Service Scheme (NSS), NSS State Liaison Cell with State Liaison Officer (SLO)/Assistant Director with necessary supporting staff was to be set up in each State. The expenditure on salary of the State Cell was to be reimbursed by the Government of India (GOI). As per GOI guidelines, one post each of SLO, UDC, Accountant, LDC and peon was permissible for the State of Sikkim. In terms of GOI letter dated 15 February 1993, the person to be appointed as SLO should possess the qualifications prescribed for appointment as Reader of a University, served as NSS programme coordinator in a University or NSS programme in a college/institution for at least three years continuously and should have interest and experience in youth works. It was categorically stipulated that reimbursement will not be available if persons not fulfilling these criteria are appointed as SLO. Further, the incumbent was to be fulltime and not be assigned with additional work other than NSS activities.

Scrutiny of records of Sports and Youth Affairs Department revealed (April 1999) that the Deputy Director of Sports and Youth Affairs Department was functioning as the SLO of NSS Cell on part time basis. This person has been looking after the works connected with Bharat Scouts and Guides (BSG), National Cadet Corps (NCC) and Non Governmental Organisation (NGO) besides the NSS since August 1988. However, pay and allowances amounting to Rs 5.07 lakh for the period from 1995-96 to 1998-99 were charged to the NSS fund. During this period, an additional amount of Rs 0.63 lakh was paid to a driver appointed on Muster Roll.

As guidelines laid down by GOI did not permit payment of salary of a part time SLO without the requisite qualifications and wages of driver from NSS fund, the same has resulted in an unauthorised expenditure of Rs 5.70 lakh.

In reply the Department stated (July 2000) that the present Deputy Director of NSS is working as a full time SLO and is qualified for the work and the GOI is aware of it. It was further stated that the payment of wages relating to the driver has been stopped from June 2000.

The reply is factually incorrect as the engagement of SLO was not full time (a fact corroborated from the quarterly returns submitted by the Department to the GOI) and the person did not also possess the requisite qualifications.