

OVERVIEW

This Report includes two chapters on the Finance and Appropriation Accounts of the Government of Sikkim for the year 1999-2000 and six other chapters, comprising 8 reviews and 52 paragraphs, based on the audit of certain selected programmes and activities of the Government. A synopsis of the important findings contained in the Report is presented below:

1.Accounts of the State Government

The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classifications in the Government accounts.

During 1999-2000, the assets of the Government increased by 19 per cent while the liabilities grew by 33 per cent. The increase in liabilities was largely on account of increase in internal debt (Rs. 79.07 crore) and increase in the loans and advances from Central Government (Rs. 52.63 crore).

The revenue receipts of the year amounted to Rs. 1511.83 crore of which tax revenue constituted 3.25 per cent, non tax revenue 68.97 per cent and grants from Government of India including states share of union taxes 27.78 per cent. Against this, the revenue expenditure of the State was Rs. 1509.97 crore resulting in a revenue surplus of Rs. 1.86 crore. A major portion of revenue expenditure was incurred on General Services (75.75 per cent) while Economic Services and Social Services accounted for 11.25 per cent and 13 per cent respectively.

Even though there was increase in capital expenditure by Rs. 2.58 crore in 1999-2000 as compared to the previous year, its share in total expenditure has gone down from 10.3 per cent in 1995-96 to 5.88 per cent in 1999-2000.

Investments to the extent of Rs. 44.54 crore made by the Government on companies, Corporations, Co-operative Societies fetched a meagre return of 2 per cent during the year. No interest was received in the last 5 years on the loans and advances given by the Government for Corporations, local bodies etc. which stood at Rs. 9.94 crore at the end of 1999-2000.

While Public Debt has increased, increase in interest payments during the year has also been substantial going up to 46 per cent of the net borrowings. These along with a falling negative BCR and low capital outlay to capital receipt ratio have adverse implications for sustainability.

(Paragraph I)

Appropriation Audit and control over expenditure

The Appropriation Accounts present the details of amount actually spent by the State Government vis-à-vis the amount authorised by the State Legislature through budgetary grants. The summarised position of actual expenditure during 1999-2000 against grants/appropriation and audit observation were as follows:

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At a glance		Rs in crore
Original	:	1723.14
Supplementary	:	74.01
Total authorisation		1797.15
Total expenditure	:	1630.47
Total saving	:	166.68

The overall saving of Rs 167.12 crore was the result of saving of Rs 166.67 crore in 75 grants and appropriation offset by excess of Rs 0.45 crore in 3 grants and appropriation.

The excess expenditure of Rs 1.87 crore for the years 1996-97 to 1998-99 under 20 grants and appropriation required regularisation under article 205 of the Constitution of India.

In 15 cases of grants/ appropriation supplementary provision amounting to Rs 8.42 crore proved unnecessary.

Against unutilised provision of Rs 92.58 crore in 34 cases, Rs 59.98 crore only was surrendered.

In 8 cases, against the actual saving of Rs 62.35 crore, Rs 64.23 crore was surrendered resulting in excess surrender of Rs 1.88 crore.

(Paragraph 2)

3 Audit Reviews on Developmental / Welfare Programmes and other activities

(a) Integrated audit of Education Department

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 weaker sections and that of girls, providing grants-in-aid to Non-Governmental organisations, training of Teachers. Further, to enhance quality of education, various Centrally Sponsored Schemes are also being implemented by the State Government. Major audit findings that were noticed during a review of the working of the Education Department are mentioned below.

There was excess deployment of teachers of 42 per cent for Lower Primary School (LPS), from 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.

The Department did not provide basic amenities like drinking water, toilet, adequate furniture and playground to a number of schools despite spending an amount of Rs 109.72 lakh.

The percentage of failure in the class VIII Board examination ranged from 41 to 59 per cent during the last five years.

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.

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The Department irregularly upgraded 170 schools during 1995 to 1999 of which 124 schools were upgraded during 1997.

Without considering the closing stock of previous years, textbooks and uniform worth Rs. 33.25 lakh were purchased.

In spite of not having any Technical school, the Department incurred a total expenditure of Rs 172.31 lakh upto March 2000 under Technical School in the State.

Under DIET, there was non-accountal of Rs. 170.79 lakh and diversion of Central assistance to the tune of Rs. 73.00 lakh.

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

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

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)

(b) Sikkim State Lotteries

The Government of Sikkim introduced in April 1978 the scheme of State lotteries with a view to mobilise additional resources for developmental activities. Review of lottery operations during 1995-2000 revealed the following:

Due to acceptance of low percentage of guaranteed profit, the Government had sustained a loss of revenue of Rs.31.79 crore during 1995-96 to 1998-99. Due to allowing 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.19.24 crore involving interest of Rs.19.24 crore.

Out of the 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.

By accepting the concept of joint ownership of 77 existing lotteries, the Department had to suspend these lotteries from 6 August 1999 resulting in loss of potential revenue of Rs. 77.73 crore per annum.

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

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

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

(Paragraph 3.3)

(c) Working of Integrated Wasteland Development Project for Eco-Restoration and Afforestation

For treatment of watersheds, afforestation in degraded forests, increasing production of fuel wood and fodder, soil and moisture conservation,

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augmentation of drinking water requirements etc, the Forest Department was implementing Integrated Wasteland Development Project (IWDP) and Integrated Afforestation and Eco-Development Project (IAEP).

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.

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

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.

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

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.

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. This resulted in excess expenditure of Rs. 6.50 lakh.

(Paragraph 3.4)

(d) National Family Welfare Programme

The objective of the National Family Welfare Programme 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 or oral pills etc. and to provide medical services, medicines, incentives free of cost at the doorsteps of the acceptors of family planning measures.

Review by Audit disclosed that against the Central assistance of Rs.1598.91 lakh received during the period 1995-96 to 1999-2000, the Department incurred Rs. 1930.00 lakh which led to excess expenditure of Rs. 331.09 lakh. This excess expenditure was not got reimbursed from the Government of India.

There was shortfall in coverage of population by PHSCs during the entire period of 1995-96 to 1999-2000.

Under Prophylaxis against nutritional anaemia among women, there was shortfall 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.

Under RCH Programme, against the Central assistance of Rs.115.48 lakh received during the period 1998-99 to 1999-2000, the Department could incur Rs.78.80 lakh only leaving an unspent balance of Rs.36.62 lakh.

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

Under CSSM Programme, equipment kits E to P supplied directly by the Government of India to the District Hospitals were not utilised in 3 District Hospitals.

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.

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)

(e) Member of Parliament Local Area Development Scheme (MPLADS)

The main feature of the Scheme was to enable each MP to get small 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 fund 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. The scheme had not been evaluated by any agency.

Unutilised funds increased from Rs. 161.11 lakh in April 1997 to Rs. 246.38 lakh in March 2000.

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

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

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

There was no monitoring at the level of State Government and evaluation of the scheme had not so far been done by any agency.

(Paragraph 3.7)

(f) Urban Employment Generation Programme

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

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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.

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.

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

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 most developed areas beyond the scope of the scheme.

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

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

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

Monitoring and evaluation of the programme was not ever made.

(Paragraph 3.8)

4 Blockage

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

(Paragraph 3.13)

Casual approach of the Department resulted in unnecessary purchase of GCI sheets valuing Rs 38 lakh.

(Paragraph 4.6)

Procurement of fertilisers without properly assessing stock position led to blockage of Government fund.

(Paragraph 5.1)

5 Loss

Injudicious action of the Department in not utilising the fund received from the Police Department earmarked for purchase of flats resulted in extra liability/loss of Rs 14.53 lakh towards payment of interest.

(Paragraph 4.2)

Despite Public Accounts Committee's observation to purchase G. I. Pipe at DGSD rate, the Department purchased G. I. Pipes at higher rate resulting in extra expenditure of Rs. 591.80 lakh.

(Paragraph 5.2)

Failure on the part of Sikkim Milk Union to execute agreement and to improve its milk quality led to the loss of Rs 11.49 lakh.

(Paragraph 7.5)

6 Unauthorised expenditure/unauthorised retention of Government 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.

(Paragraph 3.9)

Payment of Salary of part time SLO 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.

(Paragraph 3.14)

Due to non-submission of detailed accounts of advances by Assistant Engineers, authenticity of expenditure of Rs 128.76 lakh could not be ascertained.

(Paragraph 4.8)

7 Irregular/ Avoidable/ Excess Expenditure

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

(Paragraph 3.10)

Despite having its own architectural wing, the Department hired a private architect for preparation of design, drawing etc, which led to avoidable expenditure of Rs 10.90 lakh.

(Paragraph 4.1)

Delayed payment by the Department resulted in an avoidable expenditure of Rs 8.57 lakh.

(Paragraph 4.3)

The Department incurred an excess expenditure of Rs 226 lakh towards pay and allowances of work-charged employees in contravention of codal provision and beyond the permissible limit.

(Paragraph 4.4)

Despite the existence of fixed hire rate of trucks per day, the Department paid hire charges in terms of trips resulting in excess expenditure of Rs 9.50 lakh.

(Paragraph 4.7)

An avoidable expenditure of Rs 16.27 lakh was incurred for engagement of private trucks despite the availability of departmental trucks.

(Paragraph 4.10)

The Department extended undue financial benefit of Rs 15.34 lakh to contractors due to non-deduction of cost of stone obtained free from hill cutting.

(Paragraph 4.11 (a))

The Department incurred avoidable expenditure of Rs 1.25 crore on carriage of stone despite the ready availability of stone from hill cutting.

(Paragraph 4.11.(b))

Genuineness of work relating to blasting of rocks in hill cutting could not be vouched for resulting in irregular expenditure of Rs 5.45 lakh.

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(Paragraph 4.11(c))

The Department incurred avoidable expenditure of Rs 5.13 lakh in carpeting extra width of road in violation of IRC specification and departmental guidelines.

(Paragraph 4.12)

Despite the norms prescribed by Ministry of Surface Transport on requirement of bitumen at high rainfall areas, the Department irregularly projected excess requirement in Rate Analysis which resulted in extra and avoidable expenditure of Rs 14.58 lakh.

(Paragraph 4.13)

Non purchase of cement at DGSD rate led to avoidable expenditure of Rs 45.47 lakh.

(Paragraph 5.4)

8 Non realisation of Government Revenue

Despite clear method laid by the State Government on calculation of energy charge in case of incorrect meter reading, the Department incorrectly calculated energy charge resulting in loss of revenue amounting Rs 7.58 lakh.

(Paragraph 6.8)

Despite State Government Notification and subsequent clarification to levy income tax on carriage bills, an amount of Rs 6.65 lakh was not realised.

(Paragraph 6.10)

9 Other Points of Interest

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.

(Paragraph 3.11)

The Department irregularly disbursed financial assistance of Rs 33.60 lakh to 168 beneficiaries without distributing the GCI sheets.

(Paragraph 4.5)

Failure of the Department to realise the energy charges in time resulted in non-realisation of revenue amounting Rs 158.74 lakh.

(Paragraph 6.9)

In total disregard of the conditions laid down in the scheme, 1125 milch cows at a cost of Rs 56.50 lakh were stated to have been purchased and distributed without ascertaining the quality of the breeds and obtaining acknowledgement of receipt from the beneficiaries. Against Rs 20.10 lakh paid between October 1996 and October 1997, no supply has yet been received.

(Paragraph 7.6)

Without ascertaining statutory increase by GOI as required under the terms of supply, the Corporation allowed enhanced rates which resulted in an extra expenditure of Rs 28.81 lakh.

(Paragraph 8.13)