

**CHAPTER-III
CIVIL DEPARTMENTS
SECTION – A
(AUDIT REVIEWS)**

FOREST DEPARTMENT

**3.1 Implementation of Environmental Acts and Rules relating to
Air Pollution and Waste Management: An Audit Evaluation**

Highlights

The Land Use and Environment Board (LUEB) in Sikkim, far from being an independent regulatory authority in matters pertaining to the prevention, control and abatement of air pollution and waste management, operated under the shadow of the Forest Department even after 17 years of its existence. It did not have its own budget nor maintained separate books of accounts. Its meeting in May 2001 held after a gap of 7 years was suggestive of the manner with which it went about implementing its mandate. Consequently, its capability to enforce, regulate and implement the laws and rules was severely undermined. The handling and disposal of bio-medical waste was fraught with grave risks to the general public and caused environmental damage. There was lack of co-ordination between the various Government Departments and the Board and as a result, the aims and objectives of the legislative enactments and rules framed thereunder remained largely unachieved.

Introduction

3.1.1 The gravity of environmental pollution, especially the air pollution and hazardous substances led to the enactment by the Government of India (GOI) of the following acts and rules for regulation of air pollution and waste management:

Air Pollution

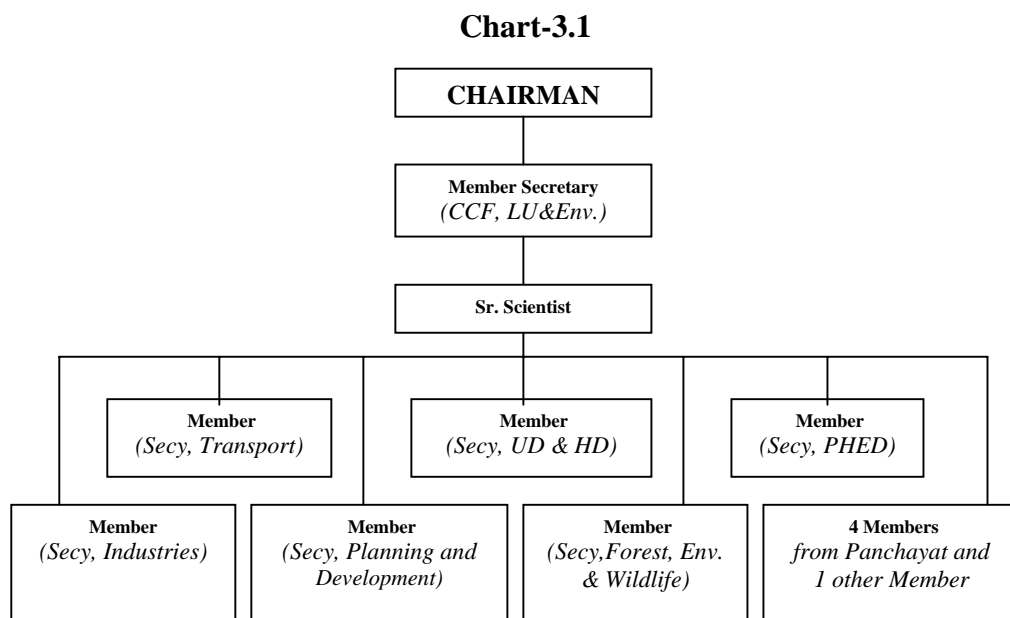
- (i) Air (Prevention and Control of Pollution) Act 1981 as amended by the Amendment Act 1987.
- (ii) Air (Prevention and Control of Pollution) Rules 1982.

Waste Management

- (iii) Environment (Protection) Act 1986.
 - (iv) Environment (Protection) Rules 1986.
 - (v) The Hazardous Waste (Management and Handling) Rules 1989.
 - (vi) Bio-medical Waste (Management and Handling) Rules 1998.
- Municipal Solid Wastes (Management and Handling) Rules 2000.

Organisational set up

3.1.2 The organisational set up of Land Use and Environment Board (LUEB) constituted in 1984 under Section 4 of the Water (Prevention and Control of Pollution) Act 1974 was as under:



Note: CCF – Chief Conservator of Forest, LU&Env. – Land Use and Environment, PHED – Public Health and Engineering Department

3.1.3 The issues pertaining to vehicular pollution, municipal solid waste, bio-medical waste and environment are entrusted to the Transport Department (TD), Urban Development and Housing Department (UDHD), Health and

Family Welfare Department (HFWD) and Forest Environment and Wildlife Department (FEWD) respectively.

Financial Arrangement

Absence of target and Action Plan

3.1.4 The receipt and expenditure of the LUEB as furnished by the Board were as under:

Table-3.1

Year	Funds Provided by			Total funds available	Expenditure	Excess (+)/ Saving (-)
	State	Central	CPCB*			
	<i>(Rupees in lakh)</i>					
1996-97	5.00	Nil	-	5.00	3.11	(-) 1.89
1997-98	1.67	1.50	-	3.17	3.07	(-) 0.10
1998-99	1.00	6.00	-	7.00	7.03	(+) 0.03
1999-2000	1.00	3.00	-	4.00	0.96	(-) 3.04
2000-2001	2.27	-	11.00	13.27	11.47	(-) 1.80
TOTAL	10.94	10.50	11.00	32.44	25.64	(-) 6.80

* Central Pollution Control Board

3.1.5 The Department neither fixed any target nor prepared any Action Plan due to which achievement could not be compared with the target. The reason for the overall saving also could not be stated to audit.

3.1.6 The expenditure was towards purchase of laboratory equipment and chemicals, payment of Muster Roll Drivers, Peons, Chowkidars, repair of instruments, organising pollution awareness camps and seminars and preparation of an Environmental Report of Changu lake (1997).

Non-maintenance of separate accounts, budgets and annual accounts

3.1.7 The State Government had not prescribed the procedure for maintenance of separate accounts as required under the Air (Prevention and Control of Pollution) Act 1981. In the absence of this, the transactions of the Board were merged with the accounts of Land Use and Environment Department and were not distinctly identifiable for which the expenditure could not be vouchsafed in audit.

Audit Coverage

3.1.8 In order to gauge the effectiveness of the regulatory mechanism in the State in enforcing the statutory provisions for the protection and improvement of the environment and control of pollution and waste management, the functioning of the LUEB, TD, UDHD and the STNM Hospital (out of 6 hospitals in the State) was reviewed for the period 1996-97 to 2000-01 during May-June 2001 through a test check (50 per cent) of the expenditure of the board, departments and the hospital.

Air Pollution Management

Absence of Planning, Control etc.

3.1.9 The LUEB failed to take the following action as required under the Air (Prevention and Control of Pollution) Act 1981.

- (a) to plan a comprehensive programme for the prevention, control or abatement of air pollution and secure the execution thereof.
- (b) to inspect any control equipment, industrial plant or manufacturing process and to give, by order, such directions to such persons as it may consider to take steps for prevention, control and abatement of air pollution. Although during 1994-95 to 2000-2001, 174 factories/units were registered in the State, no directions, as envisaged under the Act, were issued.
- (c) to lay down standards for emission of air pollutants into the atmosphere from industrial plants and automobiles, etc.

3.1.10 The State Government also did not make any rule to carry out the purposes of this Act.

Non-submission of environmental audit report

3.1.11 Under the Environment (Protection) Rules 1986, industrial units were required to submit an environmental audit report to the Board on or before 15 May of every year beginning from the year 1993. As seen from the records, the Board had no mechanism to ensure the submission of these reports. As stated by the Board, during 2000-01 only 4 units on their own volition submitted the reports.

Solid Waste Management

3.1.12 The management and handling of solid wastes is regulated by the Municipal Solid Wastes (Management and Handling) Rules 2000. Urban solid waste management is an essential service for protection of the environment and health of the citizens. It consists of household waste, construction and demolition debris, sanitation residues, industrial and hospital wastes including treated bio-medical waste, etc. There are six towns in the State and the collection and disposal of solid wastes in these places was done by the UDHD.

Uncontrolled manner of disposal of solid waste

3.1.13 Schedule I of the Rules stipulated that waste processing and disposal facilities were to be set up by 31 December 2003. The Department informed that no such facilities had been established in any towns of the State nor any measures contemplated in this direction (July 2001) except for Gangtok. The waste treatment plant for the capital town was mooted in June 1999 but had yet to materialise due to paucity of funds. The Urban waste in the State was being disposed off through the “disperse and dilute” method by dumping it down hill slopes located quite far from the towns. The waste of Gangtok town was dumped in an open yard at Marchak. This uncontrolled manner of disposal was a source of pollution to the countryside and contamination of the rivers and streams apart from violating the rules.

Poor control over Waste Disposal

3.1.14 The waste disposal site at Marchak was neither fenced nor hedged and did not have waste inspection facilities to monitor waste, weigh bridge to measure quantity of waste brought at site, office facilities for record keeping, etc. It had no provision for diversion of storm water drains to minimise leachate generation, management of leachate collection and treatment, etc. Facilities for monitoring water and ambient air quality were lacking. Further, no provision was made for vegetation and plantation at the site. Besides resulting in poor control over waste disposal thereby eroding efficiency and effectiveness of the process, the non-provision of these facilities was also an infringement of Schedule III of Environment (Protection) Rules, 1986.

Inadequacy in awareness campaign

3.1.15 The UDHD did little to encourage the citizens by organising awareness programmes for segregation of wastes and by promoting the recycling and re-use of segregated materials as required under Schedule II etc. It also did little to promote community participation through regular meetings at quarterly intervals with local resident welfare associations and Non-Government Organisations (NGOs).

Bio-medical waste

3.1.16 Bio-medical wastes are generated by hospitals, nursing homes, clinics and dispensaries, veterinary hospitals, slaughterhouses, etc. Planning Commission in a report titled “Urban Solid Waste Management in India” estimated that the hospitals were generating 1-2 kg. of waste per person per day of which 85 per cent was non-hazardous and the remaining was infectious and hazardous. In Sikkim, there are six hospitals (2 Central Referral Hospitals and 4 District Hospitals), besides dispensaries and one slaughterhouse. The main source of bio-medical waste in the hospitals and Public Health Centres was from pathology and microbiology laboratories, operation theatres, besides discarded dressing material such as bandages, cloths and cotton, rubber gloves, disposable syringes, etc. The Biomedical Waste (Management and Handling) Rules 1998 regulate the management of bio-medical wastes in the State. The State Government had appointed Director of Health Services as Prescribed Authority under sub Rule (1) of Rule 7; Secretary, Health and Family Welfare as the Appellate Authority under Rule 13 and constituted an Advisory Committee under Rule 9 in July 2000 for the purposes of the said Rules. However, the details of activities conducted by the above authorities/committee was not made available.

Inadequacy in waste treatment facilities

3.1.17 Schedule I of the Rules classified bio-medical wastes under ten categories and separate methods of treatment and disposal (microwaving, autoclaving, incineration, etc.) were prescribed for each category. Further, Rule 5(2) lays down that every institution with 200 beds and above but less than 500 beds was required to set up biomedical treatment facilities like incinerator, autoclave, and microwave system for treatment of wastes by 31 December 2000. However, none of the generating bodies carried out inventorisation of waste. The hospitals in the State also did not have the prescribed biomedical waste treatment facilities barring an incinerator at STNM Hospital, Gangtok. Solid wastes, bio-medical wastes and hazardous wastes (including infective and non-infective wastes) were being disposed off through the normal conservancy services provided by the UDHD. It was informed by the STNM Hospital (300 bedded) that it generated 405 kgs. of solid waste, 60 litres of liquid waste and 120 kgs. of pathological waste per day. The hospital had a 2 kg. capacity incinerator installed in 1998. It was stated (June 2001) that due to the insufficient capacity of the incinerator, most of the bio-medical wastes including disposed syringes, plastic and other items were being destroyed by open fire twice a week. Non-infective and infective liquid wastes (converted to non-infective wastes after proper treatment) were disposed of in UDHD garbage bins. Thus, the hospitals in Sikkim were not equipped with the mandatory waste treatment facilities, the lack of which exposed the general populace to a greater risk of contracting infectious and

dangerous diseases. Besides, the disposal of bio-medical wastes was not in accordance with the methods prescribed under the Rules.

Hazardous Waste Management

Absence of monitoring over waste generators

3.1.18 The management of hazardous wastes is regulated by the Hazardous Wastes (Management and Handling) Rules 1989. The LUEB was empowered under these Rules to grant to any establishment generating hazardous wastes, authorisation for its collection, treatment, reception, storage and disposal. The generator of the hazardous wastes was required to submit an application in the prescribed format to the Board which would not issue such authorisation unless it was satisfied that the applicant possessed appropriate facilities, technical capabilities and equipment to handle hazardous wastes safely. It was noticed that the Board had not received, during 1996-97 to 2000-01, any application under this Rule nor had any authorisation been granted. Since it was unlikely that there was no unit in the entire State generating hazardous wastes, this indicated that the application of the Rules was lax.

Non-identification of disposal site

3.1.19 Though required under the Rules, the State Government did not undertake any programme to identify disposal sites for hazardous wastes and sites at which hazardous wastes had at any time been stored or disposed and to publish this list periodically.

No action on Environmental Status Report

3.1.20 No action was taken by the Board on the Environmental Status Report of Gangtok prepared by the Environment and Pollution Control Division of Forest Department in December 1995 which concluded that the pollution caused by vehicular traffic by far was the highest as industrialisation in the State was quite insignificant.

Other points of interest

Air Pollution Laboratory functioned without rules and procedures

3.1.21 The Air (Prevention and Control of Pollution) Act 1981 provided that the State Government may establish State Air Laboratories and after consultation with the State Board, make rules prescribing its functions and lay down the procedure for submission in the said laboratory of samples of air or emission for analysis or tests. Although a laboratory was functioning under the administrative

control of LUEB, no rules or procedures as envisaged under the Act were framed.

Inadequate training, organising of seminars and awareness programmes

3.1.22 The Air (Prevention and Control of Pollution) Act 1981 required the LUEB to collaborate with Central Pollution Control Board (CPCB) in organising the training of persons engaged or to be engaged in programmes relating to prevention, control or abatement of air pollution and to organise mass education programmes relating thereto. There was no evidence to suggest that the Board interacted with the Central Board in this respect. During the period of 5 years under review, out of 4 staff, only 3 staff of the Board attended training programmes outside the State during December 1999 and April 2001. Further, since its inception, the Board had not organised any training programmes, seminars, awareness programmes etc. in the State. In view of the unsatisfactory performance on this front, it is doubtful whether the message of prevention and control of pollution was extensively and effectively disseminated.

Non-submission of Annual Reports

3.1.23 The LUEB was also required to submit each year to the State Government an Annual Report giving a full account of the activities of the Board during the previous financial year, its meetings, and activities including various functions performed by the Board, etc. No such Annual Report had ever been prepared by the Board since its inception.

Lack of Co-ordination and evaluation of activities

3.1.24 For effective implementation of the various provisions and regulatory mechanisms envisaged under the various Acts and Rules, co-ordination among the agencies involved, viz., LUEB, Industry, Transport, Health and Urban Development and Housing Departments was essential. Under Section 10 of the Air (Prevention and Control of Pollution) Act 1981, the LUEB was required to meet once in every three months. It was seen that the members from the aforementioned Departments met after a gap of seven years in May 2001. This was indicative of the undistinguished functioning of the LUEB and the earnestness with which it went about discharging its functions and responsibilities. Further, the activities of the Board had never been evaluated either by the State Government or any other agency.

3.1.25 These points were referred to the Government/Departments/Board (August 2001); reply had not been received (October 2001).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Prevention and Control of Diseases

Highlights

The programme for Prevention and Control of Disease was characterised by non utilisation of funds, disproportionate establishment expenditure, lack of penetration of facilities to a better part of the State, non-accountal of drug and diversion of funds as under:

Revised National Tuberculosis Control Programme was not implemented in the State.

(Paragraph 3.2.11)

The Department was unaware of the total number of TB patients in the State and the programme was characterised by high drop-out rate.

(Paragraphs 3.2.17 to 3.2.19)

The Department could not utilise the central financial assistance of Rs 20.52 lakh during 1996-97 to 2000-01 received for blindness prevention programme

(Paragraph 3.2.23)

The Blindness Control Programme suffered from severe lack of infra-structural capacity as three out of the four districts in the State did not even have any ophthalmologist or ophthalmic assistant.

(Paragraph 3.2.27)

The District Leprosy Control Societies could not utilise Rs. 25.10 lakh during 1996-97 to 2000-01.

(Paragraph 3.2.39)

The major portion of expenditure (55 to 74 per cent) by the Leprosy Societies was on pay and allowances and other establishment related expenditure.

(Paragraph 3.2.41)

Anti Leprosy drugs valuing Rs. 9.30 lakh were not accounted for in the records of the Department.

(Paragraph 3.2.48)

Rs. 56.18 lakh could not be utilised by the Aids Cell/ Society as at the end of 2000-01.

(Paragraph 3.2.55)

All the blood-testing facilities were concentrated in the East District leaving the other districts without even the basic facility for detecting AIDS patients or HIV carriers.

(Paragraph 3.2.62)

Introduction

3.2.1 Prevention and control of diseases is the greatest concern of any living being. Over the years, Government of India (GOI) had launched a number of centrally sponsored schemes to mitigate this concern. Amongst others, the following four were the main programmes in this direction.

(a) *National Tuberculosis Control Programme (NTCP)*

The GOI launched the programme in 1962 with the main aim of detecting a large number of TB patients and to treat them effectively. A Revised National Tuberculosis Control Programme (RNTCP) was evolved with emphasis on administration of Direct Observed Treatment (DOT) to all TB-diagnosed patients to achieve a cure rate of over 85 per cent.

(b) *National Programme for Control of Blindness (NPCB)*

The Programme was launched in the State in 1976-77 as a centrally sponsored scheme with the aim of providing eye-health education through media of mass-communication and eye-care to the masses in the remotest areas in the shortest possible time and establishing a permanent infrastructure of eye-care within the general health care delivery system at peripheral, intermediary and central level. The programme also aimed at reducing blindness from 1.4 per cent to 0.3 per cent by 2000 AD.

(c) *National Leprosy Control Programme (NLCP)*

The Programme, conceived as a control programme, was launched in 1954-55. It was launched in Sikkim in 1976-77. The Multi-Drug Therapy (MDT) was introduced in all hyper endemic districts. The programme was redesignated as National Leprosy Eradication Programme (NLEP) in the year 1983 with the objective of achieving elimination of leprosy by the end of year 2000 by reducing the caseload to less than 1 per 10000 population. Under NLEP, Modified Leprosy Elimination Campaign (MLEC-I) was launched in 1998, which was further intensified in 2000 as MLEC-II.

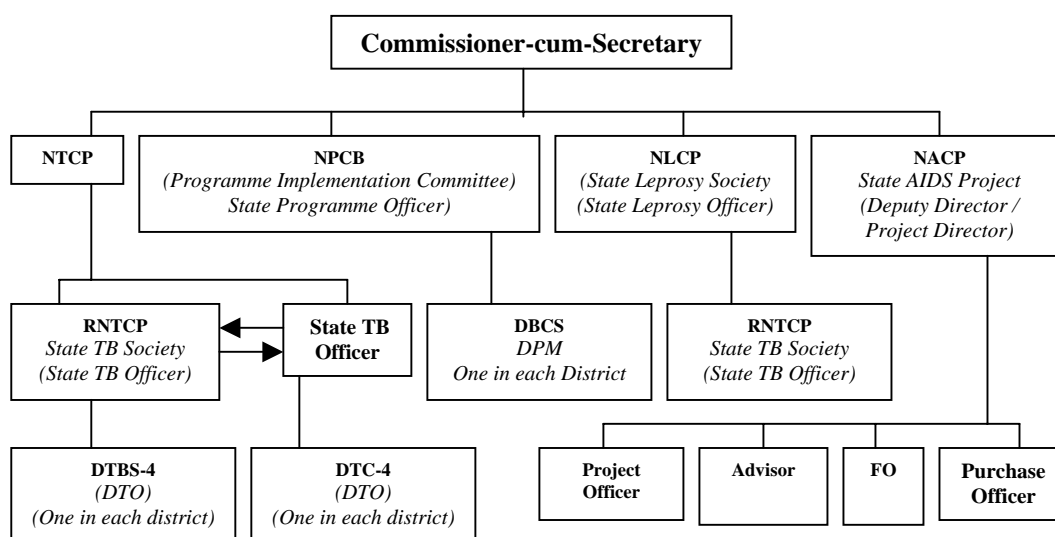
(d) National Aids Control Programme (NACP)

Acquired Immune Deficiency Syndrome (AIDS) is a fatal disease caused by Human Immuno Deficiency (HIV) virus. AIDS is transmitted through sexual contact, sharing blood-contaminated needle and syringes, multiple blood transfusion of infected person's blood, transmission from infected mother to child before, during or shortly after the birth. The estimated number of HIV infected adults (15 to 49 years) in the country, as in mid-1998 was 3.5 million. In 1992, GOI negotiated an IDA credit of US\$ 84 million to support the implementation of a five year National Aids Control Project (NACP-I) from September 1992 as a hundred per cent centrally sponsored scheme in all the States/UTs and was later extended up to 31 March 1999. The objectives of the NACP-I were (i) to slow down the spread of HIV; (ii) to decrease morbidity and mortality associated with HIV infection and (iii) to minimise socio- economic impact resulting from HIV infection. To strengthen India's capacity, NACP-II was launched in 1999 with two key objectives, namely; (i) to reduce the spread of HIV infection in India and (ii) strengthen India's capacity to respond to the HIV/AIDS on a long-term basis.

Organisational Set up

3.2.2 In Sikkim, the Commissioner-cum-Secretary of Health and Family Welfare Department (HFW) was the head of the implementing agencies (Department, Committee, Societies etc.) in respect of all the programmes. The flowchart of the set up is given below:

Chart-3.2



Note: DTO - District TB Officer, DPM – District Programme Manager, FO – Finance Officer.

- a) The designated State level officers monitor the activities in the State, while at the district level, the Chief Medical Officer/Chief District Health Officer is the principal health functionary and is responsible for all medical and public health activities including control of the diseases under report. The District TB Officer (DTO) is specifically responsible for organisation of TB activities in the district.
- b) The State Programme Officer-in-charge of NPCB acts as Member-Secretary of the Committee looking after implementation of the schemes. District Blindness Control Societies (DBCS) were formed during February 1999 so as to manage the activities at district level through the District Programme Manager. Only the Society in the South district carried out substantive activity till the end of March 2001.
- c) Regarding NLCP, the State Leprosy Officer coordinates the implementation of the Programme through District Leprosy Officer of the concerned District Leprosy Society (DLS).
- d) Regarding NACP, the Phase I of the project was implemented through the Aids Control Cell created under the Health and Family Welfare Department and headed by a Deputy Director. After establishment of Sikkim State Aids Project Society (June 1999) in Phase II, the activity of the Aids control is being looked after by the Society headed by a Project Director.

Audit Coverage

3.2.3 A review on Prevention and Control of Diseases for the period from 1996-97 to 2000-2001 was conducted during April – May 2001 from the records maintained by the State TB Officer, State and District TB Control Societies, State Programme Officer and the District Blindness Control Societies, Directorate of Health and Family Welfare, District Leprosy Societies and Aids Control Cell and the Sikkim State Aids Project Society covering 56 per cent of the total expenditure of Rs. 5.00 crore. The results of the review are summarised in the succeeding paragraphs.

A. National Tuberculosis Control Programme

Financial Arrangement

3.2.4 During the period from 1996-97 to 2000-01, no Central assistance was received for the National Tuberculosis Programme (NTP), except the grants for purchase of anti-TB drugs as detailed below:

Table-3.2

(Rupees in lakh)

<i>Year</i>	Grants released by GOI	Expenditure
1996-1997	NA	NA
1997-1998	1.08	1.08
1998-1999	1.24	1.24
1999-2000	1.78	1.78
2000-2001	1.69	1.69

Source - Information obtained from Finance Accounts.

3.2.5 The assistance received for purchase of anti-TB drugs was utilised by the State in full.

3.2.6 After establishment of the Societies at the State and District level during 1997-99, the GOI released grants directly to them for undertaking various activities under RNTCP.

State Tuberculosis Control Society

3.2.7 The State Tuberculosis Control Society was set-up on 26 March 1998. The grants received by the Society and the expenditure incurred since its inception till the end of 2000-01 is detailed below:

Table-3.3

(Rupees in lakh)

Year	Grants released by GOI	Expenditure	Balance
1998-1999	9.92	-	9.92
1999-2000	Nil	4.47	5.45
2000-2001	Nil	3.72	1.73
Interest earned			0.31
Closing Balance as on 31.03.2001			2.04

Source - Information furnished by the Department and accounts of the Society.

3.2.8 It was seen that the grants were received during February to April 1999. An amount of Rs.4.47 lakh was spent in 1999-2000 for purchase of vehicle, photocopier and repair of microscopes. The expenditure of Rs. 3.72 lakh during 2000-01 was on salary and contingencies.

Non-utilisation of funds by District Societies

3.2.9 The District Societies in the four districts of the State were established between May 1997 and November 1999 but the funds were passed on to them only during the years 2000-01 as detailed below:

Table-3.4

(Rupees in lakh)

District TB Control Society	Date of establishment	Grants received	Expenditure	Balance
East	May 1997	11.15	1.17	9.98
West	25.11.99	11.51	Nil	11.51
North	28.11.97	10.39	Nil	10.39
South	31.03.97	11.51	1.93	9.58

Source - Information furnished by the Department and accounts of the Society.

3.2.10 It was noticed that grants were released to the Societies mainly for purchase of vehicle, computer, photocopier, minor civil works, training, printing etc. Though the bulk of the grants were received during October 2000 to January 2001, the Societies could not utilise the funds in time, resulting in delay in implementation of the Programme.

Programme implementation

RNTCP not implemented in Sikkim

3.2.11 Though RNTCP had been launched since 1993-94 in a phased manner, it was not extended to Sikkim and grants were being released to the Societies since 1998-99 for development of infrastructure for implementation of RNTCP. No annual action plan was prepared either by the State Society or by the District TB Societies. Although such grants were being received by the State, no Microscopy Centre under RNTCP had been established in the State. The existing 24 PHCs in all the four districts were treated as Microscopic Centres under NTCP, which was continued in the State till March 2001. Though 5 TB Units and 18 Microscopy Centres were targeted to be opened in the State, the achievement in this regard was nil as the RNTCP had not been taken up in the State till the end of the year 2000-01.

Detection of TB cases

3.2.12 The position of new TB cases registered and re-treatment cases in the State was as under:

Table-3.5

Year	Population covered (In lakh)	Number of new TB cases registered				Relapse cases
		Sputum positive	Sputum negative	Extra pulmonary	Total	
1996-97	--	--	--	--	2162	--
1997-98	--	--	--	---	1999	--
1998-99	4.85	402	1127	486	2015	--
1999-00	4.91	406	1012	485	1970	67
2000-01	5.07	433	769	620	1886	64

Note: Before 1998-99 only target for total case detection and sputum examination at PHCs was provided by GOI. Hence no detailed break up was recorded.

Inconsistency in fixation of targets

3.2.13 The detection of positive cases was one of the main objectives under NTCP. The targets and achievements of sputum examination and detection of new TB cases were as under:

Table- 3.6

Year	Sputum Examination			Detection of new cases		
	Target	Achievement	Percentage	Target	Achievement (% of sample)	Percentage
1996-97	3700	3723	100	1300	2162 (58)	166
1997-98	3700	2916	79	1300	1999 (69)	154
1998-99	7275	9764	134	655	2015 (21)	308
1999-00	7365	8676	118	660	1970 (23)	298
2000-01	8415	6764	80	757	1811 (27)	239

Source - Information furnished by the Department.

3.2.14 It was seen that the targets for detection of new cases had no consistency with those fixed for sputum examination.

Arbitrary collection of samples

3.2.15 It was seen that the achievements fell short by 21 per cent and 20 per cent of target of sputum examination in 1997-98 and 2000-01 though all the PHCs had microscopic facilities. Targets for new cases detection were pegged at 35 per cent of the targets for sputum examination during 1996-97 and 1997-98, whereas from 1998-99 onwards targets for detection were brought down considerably to 9 per cent of the targets for sputum examination. During 1996-97 and 1997-98, 58 and 69 per cent of the samples respectively were detected to be positive cases. The percentage of detection during 1998-99 to 2000-01 abruptly came down ranging from 21 to 27 per cent, which indicated that the samples were collected arbitrarily without considering primary symptoms.

Treatment***Abnormal drop out in treatment***

3.2.16 Out of the 1970 cases detected during 1999-2000, 256 had been cured by 2000-2001, 891 had completed treatment while 50 died. Treatment had failed in the case of 41 patients, 573 had defaulted and the remaining 159 patients had migrated. While almost 5 per cent of the cases either died or could not be cured even after being brought under treatment, a further 29 per cent live cases remained at large after having defaulted treatment causing health concerns for other citizens also as TB was a highly infectious disease. Similar outcome figures for the previous years were not available with the Department.

3.2.17 The Department intimated that all positive cases detected were brought under treatment but the numbers of cases brought under treatment from old cases during 1996-97 to 1998-99 were not on record. Further, no targets were fixed for new cases to be brought under treatment after detection. No records were also maintained in respect of patients brought under treatment prior to 1999-2000 or of patients referred by private practitioners for diagnosis and treatment.

3.2.18 The Department did not maintain proper records in respect of patients discharged during 1996-97 to 1997-98 on completion of treatment or for other reasons. No target was fixed for discharge of patients on completion of treatment. The number of cases discharged during 1998-99 to 2000-2001 were as under:

Table-3.7

Year	Target	No. of cases discharged on completion of treatment	No. of cases discharged for other reasons		
			Died	Migrated	Defaulter
1998-1999	NA	789	41	NA	417
1999-2000	NA	717	37	100	382
2000-2001	NA	1114	26	130	541

Source - Information furnished by the Department.

Heavy backlog of untreated patients

3.2.19 It was noticed that against the total number of 5871 cases of TB detected in the State from 1998-99 to 2000-01, 2620 cases were treated till 31 March 2001. Thus, a backlog of 3251 cases (55.37 per cent) was created during the period. In the absence of the details of treatment prior to 1998-99, no conclusive comment could be made about the total number of TB patients in the State as on 31 March 2001. There was no record regarding preventive/follow up action, if any, taken in case of patients migrating to other states. The death cases were 20 to 24 per 1000. Though it indicated a downward trend it still remained to be brought down to the minimum.

Monitoring and Evaluation

3.2.20 Non-implementation of RNTCP with assured cure rate of 85 per cent, coupled with large number of drop outs, ranging between 59 and 61 per cent during 1998-99 and 1999-00, rendered the neighbourhood susceptible to easy infection defeating the objective of the Programme. The Department had not analysed the reasons for huge drop out of treatment and its consequences. No proper record was maintained to indicate the number of old cases brought under re-treatment despite huge dropouts.

Inactive societies affected programme implementation

3.2.21 The Societies formed during 1997-99 remained inactive till March 2000 delaying the implementation of RNTCP. As a result, the intended benefits could not reach the target population. The targets of detection were unrealistic and treatment remained ineffective as indicated by the high incidence of death cases.

B. National Programme for Control of Blindness**Financial Arrangement**

3.2.22 The central assistance received and expenditure incurred during the years 1996-97 to 2000-2001 were as under:

Table-3.8*(Rupees in lakh)*

Year	Cash grants received from GOI	Revised Budget	Actual Expenditure	Saving (-) Excess (+)
1996-97	3.83	4.86	5.04	(+) 0.18
1997-98	2.83	3.65	3.52	(-) 0.13
1998-99	6.90	5.46	4.42	(-) 1.04
1999-00	7.52	6.25	6.31	(+) 0.06
2000-01	23.60	21.10	4.87	(-) 16.23
TOTAL	44.68	41.32	24.16	(-) 17.16

Source - Appropriation Accounts.

Huge savings from funds received from GOI

3.2.23 As evident from the above table, the State failed to spend an amount of Rs. 20.52 lakh on blindness prevention programme even though the funds were made available to them. The receipt of Rs. 23.60 lakh from the GOI during 2000-01 included the sum of Rs. 15 lakh for construction of eye-ward, but no action was taken for utilisation of the money till March 2001.

Inactive DBCS

3.2.24 The GOI released Rs. 3.00 lakh to each of the four District Blindness Control Societies in July 1999. The Societies did not take up any activities under NBCP except for DBCS, South, which organised an eye-camp in 2000-2001 but details of the activities and accounts thereof were not produced to Audit. The fund of Rs. 9 lakh received by the other three Societies remained idle till March 2001.

Programme implementation

3.2.25 The Blindness Prevention Programme had four components viz. Cataract Surgery, Refractive errors, Ocular injuries and Rehabilitation of the incurably blind. The benefits were to be achieved through creation of State ophthalmic cell, Up-gradation of District Hospitals, Development of District Mobile Unit, Up-gradation of Primary Health Centres, Grants-in-aid to Non-Governmental Organisations (NGOs), Procurement of sutures and other consumable items, Training (CME), Information, Education and Communication (IEC) etc.

3.2.26 The component-wise financial performance for the year from 1996-97 to 2000-01 was as under:

Table-3.9

Component	1996-97	1997-98	1998-99	1999-00	2000-01
	<i>(Rupees in lakh)</i>				
State Ophthalmic Cell/OE	0.91	1.56	3.76	6.09	2.87
Renovation	-	-	-	-	2.00
Upgradation of PHCs	0.55	0.42	0.53	0.22	-
Training	2.37	1.22	-	-	-
IEC	0.39	0.32	0.14	-	-
Grants to NGOs	0.82	-	-	-	-
Grants to DBCS	-	-	-	-	-
	5.04	3.52	4.43	6.31	4.87

Source - Information obtained from the Department.

Lack of basic infrastructure for eye-care

3.2.27 Following the instructions issued by GOI, the Department set up a State mini-ophthalmic cell in 1996-97. Though the District Hospitals/Community Health Centres (CHCs) at Namchi and Geyzing were proposed for up-gradation during 1997-98 and 1998-99, no action was taken to this effect. There was not even an Ophthalmologist or Ophthalmic Assistant in any of the District Hospitals located at Namchi, Geyzing and Mangan. In the absence of any medical/para-medical manpower dealing in eye-care, the entire population of these 3 districts remained deprived of eye-care to be provided under NPCB. Two Ophthalmologists and one Ophthalmic Assistant available in the State were all posted at STNM Hospital in Gangtok. Though 8 PHCs were targeted to be up-graded, these also could not be made functional due to lack of specialised manpower like Ophthalmic Assistants. Further, District Mobile Units (DMUs) were to be deployed in each of the four districts. But there was only one DMU in the State and that too was non-functional due to shortage of manpower and well-equipped vehicle. The Department reported the requirement of 35 Ophthalmic Assistants for the entire State against which only one Ophthalmic Assistant was provided till March 2001.

3.2.28 Grants to the NGOs amounting to Rs. 0.82 lakh were released by the State in 1996-97 but details of the NGOs and activities undertaken by them were not produced to Audit.

No training of personnel after 1997-98

3.2.29 The Department spent an amount of Rs. 3.59 lakh on training during 1996-97 and 1997-98 but details thereof indicating the number of courses held and number of personnel trained could not be furnished to Audit. No training was attended/organised during 1998-1999, 1999-2000 and 2000-01.

Low level of IEC activity

3.2.30 IEC activities included identification and motivation of potential beneficiaries, information through media, educating voluntary groups and teachers and other relevant persons. The delay in formation of DBCS and failure to activate the Societies to the desired level could not yield expected results in creating awareness in low performing areas and backward districts. During the last 5 years, there were 14 radio talks, 4 film shows, 12 group meetings (6 each at State and District levels). No folk shows or cultural programmes were organised to educate the rural masses and no group meeting was ever held at the block/sub-centre/village level.

Cataract Surgery

3.2.31 The fixed facility of cataract surgery was available only at STNM hospital at Gangtok. Patients from other districts were screened at peripheral PHCs/CHCs and selected patients were referred to STNM Hospital at Gangtok for surgery. The details were as under:

Table-3.10

Year	No. of DBCS	No. of cataract surgery targeted	No of cataract surgery performed	Remarks, if any
1996-97	-	600	563	As reported, there was no unsuccessful case.
1997-98	-	672	948	
1998-99	4	750	675	
1999-00	4	950	572	
2000-01 (upto 2/01)	4	1000	621	
TOTAL		3972	3379	

Source - Information obtained from the Department.

3.2.32 Due to non-maintenance of details of post surgery results, the claim of the Department that there were no cases where vision could not be restored after surgery could not be cross-verified in Audit.

3.2.33 The Department also organised camps at peripheral areas to perform cataract surgery. The details were as under:

Table-3.11

Year	Organised			No. of post operation complication
	No. of camps	No. of patients	Patients operated	
1996-1997	1	NA	245	NA
1997-1998	2	3116	582	NA
1998-1999	1	796	153	NA
1999-2000	1	NA	65	NA
2000-2001	1	NA	96	NA
TOTAL			1141	

Source - Information obtained from the Department.
NA means "Not Available".

3.2.34 Information regarding proposed number of camps to be organised vis-à-vis patients to be checked was not available. Out of 3379 cataract operations done during 1996-97 to 2000-2001, 1141 operations were done in camps.

Non maintenance of records on refractive error

3.2.35 The Department did not maintain any record regarding screening for refractive error and provision for spectacles, number of cases of incurable blindness and action taken for their rehabilitation.

Monitoring and Evaluation

Programme suffered from severe infrastructural constraints

3.2.36 The performance of the programme was to be monitored through perusal of annual State plan, annual district action plans, minutes of the DBCS, progress reports and also through review meetings with all DBCS. In the absence of any action plan of the DBCS, the performance of the State Ophthalmic Cell could not be compared with the ultimate objectives. Moreover, due to non-availability of eye-care facilities in the District Hospitals and PHCs, the eye-care facilities were not extended to the rural masses. Services rendered through occasional camps could not substitute the referral services contemplated under the Programme. Thus, the benefits intended under the Programme could not be extended to the people at desired level.

C. National Leprosy Control Programme

Financial Arrangement

3.2.37 The Programme was financed in full by the GOI as under:

Table-3.12

<i>(Rupees in lakh)</i>			
Year	Central Assistance	Expenditure	Saving/excess with reference to central assistance
1996-97	20.00	17.46	(-) 2.54
1997-98	20.50	20.87	(+) 0.37
1998-99	21.50	34.99	(+) 13.49
1999-00	33.00	23.47	(-) 9.53
2000-01	18.71	21.05	(+) 2.34
TOTAL	113.71	117.84	(+) 4.13

Source – Detailed Appropriation Accounts.

3.2.38 The expenditure as above was incurred mainly on pay and allowances of the staff involved in the activities of the Programme and office expenses etc.

3.2.39 The additional releases from the GOI to the Societies located in the four districts are given below:

Table-3.13

<i>(Rupees in lakh)</i>								
	East District		West District		North District		South District	
	Receipts	Exp.	Receipts	Exp.	Receipts	Exp.	Receipts	Exp.
Opening Balance of unspent grant	1.97		7.30		NA		4.15	
1996-97	10.23	7.55	10.00	6.64	3.42	2.51	3.00	6.10
1997-98	7.00	7.09	3.50	8.35	3.50	8.15	22.10	7.88
1998-99	10.00	12.02	7.00	9.72	5.00	4.51	5.00	14.07
1999-2000	18.55	15.80	26.74	9.10	7.15	8.08	11.92	18.18
2000-2001	Nil	Nil	Nil	7.86	5.00	3.48	10.00	5.25
Total grants From GOI	47.75		54.54		24.07		56.17	
Bank interest and other receipts	0.95		1.85	-	0.82	-	1.29	-
TOTAL	48.70	42.46	56.39	41.67	24.89	26.73	57.46	51.48
Unspent balance as on 31.03.2001		6.24		14.72		(-)1.84		5.98

Source – Accounts of the Societies.

3.2.40 It would be seen from the above table that against the available fund of Rs.187.44 lakh during the period, only an amount of Rs. 162.34 lakh was actually utilised by the Societies, resulting in an idle fund of Rs. 25.10 lakh, a major portion of the savings being in the West District.

Meagre expenditure on programme components

3.2.41 The analysis of component-wise expenditure incurred by the three Societies of West, North and South districts – break-up in the case of East district was not available – revealed that as much as Rs. 22.85 lakh, Rs. 18.65 lakh and Rs.38.24 lakh was spent on meeting day to day establishment related requirements like pay and allowances, POL and other office expenses by the West, North and South district respectively. This constituted 54.67 per cent, 63.83 per cent and 74.28 per cent of the total expenditure of the three respective districts during this period, leaving a paltry sum for meeting programme objectives. In fact, in the North and South districts only Rs. 2.34 lakh (8 per cent) and Rs. 1.58 lakh (3.07 per cent) was incurred on primary components of the programme, viz. project, training and other supporting activities.

Programme implementation***Inconsistency in figures of detection of new cases***

3.2.42 The two main activities under the NLEP are identification of new cases and providing them with treatment. The overall achievements against targets during 1996-97 to 2000-01 are given below:

Table-3.14

Year	Old cases	New cases		Cases discharged	Increase/ decrease in number of cases
		Target	Detected		
1996-97	82	50	38	32	(+) 06
1997-98	88	50	39	46	(-) 07
1998-99	81	100	65	39	(+) 26
1999-00	107	25	29	63	(-) 34
2000-01	73	20	46	41	(+) 05
TOTAL		245	217	221	

Source - Information obtained from the Department.

3.2.43 While the Department was stated to have detected 217 new cases during 1996-97 to 2000-01, scrutiny of monthly reports and other records revealed that 236 new cases were actually detected and brought under treatment. No reasons were furnished for variation in figures of detection of new cases.

Short-fall in treatment of identified case

3.2.44 Due to the limitations like long treatment period, severe side-effects etc. of the earlier pursued Dapsone monotherapy, Multi-Drug Therapy (MDT) was introduced, which was implemented in Sikkim in 1984. The details of cases brought under treatment, both old and new, were as under:

Table-3.15

Year	No. of cases brought under treatment from old cases	No. of cases brought under treatment from new cases		No. of cases that could not be brought under treatment	
		Target	Actual	Old	New
1996-97	82	50	38	1	-
1997-98	88	50	39	-	2
1998-99	81	100	65	1	3
1999-00	107	25	29	10	2
2000-01	73	20	46	-	-

Source - Information obtained from the Department.

3.2.45 The shortfall in coverage of all the patients was due to migration and default on the part of the patients.

Cases discharged considerably lower than those brought under treatment

3.2.46 The targets and achievement of discharge of patients after completion of treatment or for other reasons were as detailed below:

Table-3.16

Year	Target	No. of cases discharged on completion of treatment	No. of cases discharged for other reasons		
			Died	Permanently migrated	Others
1996-97	100	32	-	1	-
1997-98	80	46	-	2	-
1998-99	150	39	-	-	2
1999-00	120	76	1	3	9
2000-01	50	44	-	-	-

Source - Information obtained from the Department.

3.2.47 While the number of patients under treatment in any of the years from 1996-97 to 2000-01 varied between 119 to 146, the discharge after completion of treatment was only between 32 and 76, which indicated that a considerable number of patients were irregular in attending treatment. During 1996-97 to 2000-01, there were only 3 cases of relapse, 1 in 1997-98 and 2 in 1998-99, and 1 case of reaction in 1998-99. The reasons of relapse were not on record. The number of cases under surveillance varied from 20 to 43 and smear positive cases varied from 28 to 52.

Drugs worth Rs. 9.30 lakh missing

3.2.48 The quantum of anti-leprosy drugs required was finalised on the basis of prevalence of leprosy and estimated new cases expected during the year. The quantum of drugs so arrived at was sanctioned and supplied to the State by the GOI through Government Medical Depots. During 1997-98 to 2000-01, GOI allocated 43,130 blisters of different anti-leprosy drugs to the State, out of which

only 24,700 blisters of drugs were received during this period. Whereabouts of remaining 18,430 blisters of drugs valued at Rs. 9.30 lakh was not on record. The matter was not brought to the notice of the GOI.

Expired drugs

3.2.49 Scrutiny of stock register and other relevant records also revealed that 7091 blisters of different anti-leprosy drugs valued at Rs. 2.47 lakh expired at Leprosy Hospital at Sajong and NLEP wing at Gangtok. The actual date of receipt and reasons for non-consumption of these drugs was not on record. It was further noticed that 4,40,000 capsules of Clotazimine and 22,000 caps of Dapsone also expired due to non-utilisation of those medicines in time. The loss to the Government could not be ascertained due to non-recording of cost prevailing at the time of procurement/supply.

High prevalence in two districts

3.2.50 The estimated number of leprosy cases in Sikkim in 1981 were 1600 against the population of 3.20 lakh, representing a prevalence rate of 50 per 10000. The rate came down to 10 per 10000 in 1992. The district-wise prevalence rate from 1996-97 onwards was as under:

Table-3.17

As on 1 st April	Prevalence rate per 10000			
	East District	West District	North District	South District
1996	3.30	1.00	2.63	1.87
1997	2.48	1.85	2.88	2.85
1998	2.50	0.90	2.80	1.44
1999	2.58	1.00	4.40	1.42
2000	1.3	0.34	0.5	1.2

Source - Information obtained from the Department.

3.2.51 The overall prevalence rate of the State as on 01 April 2001 was recorded as 0.9 per 10000. It was, however, noticed that the prevalence rate in East and South districts continued to be above 1 per 10000, which was the target to be achieved by the end of the year 2000.

Monitoring and Evaluation (ME)

3.2.52 ME being a continuous and a decision oriented management tool, it was necessary to analyse the information and data to ensure future course of action. The unusual increase in new cases in 1998-99 to 2000-01 was not analysed properly leaving a wide gap between actual prevalence and detection.

D. National Aids Control Programme**Financial Arrangement**

3.2.53 The Aids Control Cell and the Society prepared the annual action plan projecting anticipated expenditure under various components. The National Aids Control Organisation (NACO) after approval of annual action plan, released the grants to the Aids Control Cell/Society.

Mismatch between programme activity and receipt of grants

3.2.54 There were substantial balances lying unspent at the end of the respective years out of the grants received by the Aids Cell and the Society as shown below:

Table-3.18

(Rupees in lakh)

Year	Allocation	Grants received	Expenditure	Cumulative unspent Balance
OB	-		-	6.04
1996-1997	77.73	50.00	23.62	32.42
1997-1998	53.84	25.00	25.10	32.32
1998-1999	75.89	75.01	36.71	70.62
1999-2000	123.84	25.04	44.66	51.00
2000-2001	68.00	56.00	50.82	56.18
TOTAL	399.30	231.05	180.91	56.18

Source - Information obtained from the Department and accounts of the Cell/Society.

3.2.55 During the period from 1996-97 to 2000-2001, the Aids Cell/Society received Rs. 2.31 crore against which the expenditure was only Rs. 1.81 crore, resulting in an idle fund of Rs. 56.18 lakh as on 31 March 2001. The savings were stated to be mainly due to non-receipt of bills, delay in receipt of grants and non-utilisation of funds under certain components. The reasons furnished by the Society were not tenable as the grants were released in time. Moreover, the amount of bills, which were received belatedly, was also insignificant.

Programme Implementation

3.2.56 The component-wise details of the annual action plans along with the funds approved by the Government of India during 1996-97 to 2000-2001 were as under:

Table-3.19

a) Phase-I

(Rupees in lakh)

Component	1996-1997		1997-1998		1998-1999	
	Prov.	Exp.	Prov.	Exp.	Prov.	Exp.
Programme management	14.00	7.08	9.36	6.70	30.00	12.90
Improved blood safety	5.09	0.98	5.09	3.10	6.95	2.29
IEC and Condom promotion	51.00	13.57	29.00	12.38	30.00	15.89
Surveillance and clinical management	1.89	0.23	1.89	0.89	2.943	2.33
STD control	0.75	-	1.00	0.98	1.00	0.95
Training	5.00	1.77	7.50	1.05	5.00	2.34
TOTAL	77.73	23.63	53.84	25.10	75.893	36.70

b) Phase-II

(Rupees in lakh)

Component	1999-2000		2000-2001	
	Prov.	Exp.	Prov.	Exp.
Priority targeted intervention against HIV/Aids	25.44	2.54	13.15	3.64
Preventive interventions for the general community	22.05	12.30	12.66	8.15
Institutional strengthening	59.90	30.23	39.19	33.71
Low cost Aids care	11.45	-	1.00	-
Intersectoral collabaoration	5.00	-	2.00	-
TOTAL	123.84	45.07	68.00	45.50

Source - Information obtained from the Department and accounts of the Cell/Society.

Weakened management capacity as key posts remained vacant

3.2.57 The strengthening of the management capacity for HIV control was one of the most important components of the project. Accordingly, adequate staffing support was provided under the project. Thirty posts were sanctioned for the Aids Society of Sikkim. However, only 19 posts were filled in, of which key posts like Project Officer and three posts of Deputy Directors were being managed on part-time basis. Eleven vacancies also included important posts like Statistical Officer, Technical Assistant (blood safety), Monitoring and Evaluation Officer etc. The management capacity for control of HIV, therefore, remained understrength.

Public awareness, community support and extension aspects neglected

3.2.58 Public awareness and community support was given high priority both in Phase I and II of the project. Campaigns through own organisational set up, non-governmental organisations, private sector advertising agencies, and radio, TV, newspaper and billboard advertisements were to be carried out to promote safe sexual practice, use of sterilised needles including disposable syringes and use of uninfected blood and blood products as well as improving the knowledge and behavioral pattern of high risk groups, potentially vulnerable groups and health

services. Adequate provision of training for trainers, health staff and social workers was to be made to disseminate information and health education about HIV and AIDS through existing health personnel and by mobilizing social and community leaders.

3.2.59 Belying the importance of this aspect, the annual provisions under this component came down progressively from Rs. 51.00 lakh in 1996-97 to Rs. 12.66 lakh in 2000-01. Even with the reduced outlays, the expenditure fell far short of the provisions and the savings ranged from Rs. 37.44 lakh in 1996-97 to Rs. 4.51 lakh in 2000-01. Against the total expenditure of Rs. 13.57 lakh spent on IEC during 1996-97, Rs. 9.02 lakh was spent on items like purchase of folders, grants to various clubs, printing of calendars and diaries, which were not included in the guidelines.

Absence of blood testing facilities in three districts

3.2.60 Programmes for upgrading blood banking capabilities and expansion of HIV screening of blood was to be taken up so as to increase coverage of HIV screening from the current level of about 30 per cent to about 90 per cent of all blood donated in the country. This included expanding testing capabilities and establishing zonal and reference testing centres. Such reference centres were to be linked to blood screening facilities for quality control. In addition, blood component separation equipment and supplies was to be provided. Under phase II, the component was to provide mandatory screening of all blood units for Hepatitis-E-virus, facilitating communication counselors for blood banks in public and private sectors.

3.2.61 There were three Sentinel Centres in Sikkim and only one zonal Blood Testing Centre, all located at Gangtok. The details of blood testing reports of the attenders of Sentinel Centres and Blood Bank were as under:

Table-3.20

Attenders Name of Centres	1997		1998		1999		2000		2001 (March)	
	Total	Positive	Total	Positive	Total	Positive	Total	Positive	Total	Positive
STD Clinic Gangtok	0	0	138	0	60	0	139	0	0	0
ANC (R) Pakyong	0	0	311	1	133	0	129	0	0	0
ANV (U) Gangtok	0	0	1027	1	400	1	400	0	0	0
Blood Testing Centre Gangtok	107	2	61	4	84	5	83	1	40	0
TOTAL	107	2	1537	6	677	6	751	1	40	0

Source - Information obtained from the Department.

3.2.62 Due to the concentration of all the Sentinel Centres in East District alone, the prevalence of HIV in other 3 districts could not be ascertained. The failure to proliferate testing facilities throughout the State compromised the objective of increasing HIV screening. Though testing of blood for Hepatitis-E-virus was made compulsory under phase II of the project, NACO supplied kits only in May 2001. The Society, through the existing blood-testing centres, implemented it from June 2001.

3.2.63 The year-wise detection of HIV positive and full bloom AIDS cases during 1995-96 to 2000-2001 were as follows:

Table-3.21

Year	HIV positive cases detected	Full bloom AIDS cases detected	Status
1995-96	1	0	
1996-97	0	0	
1997-98	2	1	Absconding
1998-99	4	1	Dead
1999-00	5	0	
2000-01	1	0	
TOTAL	13	2	

Source - Information obtained from the Department.

3.2.64 The detection indicated above was from the East district alone. There were no detection facilities provided in any of the remaining three districts of the State.

Low performance in targeted intervention programme

3.2.65 An important project component was strengthening institutional capability at State level for monitoring the development of HIV/AIDS epidemic and planning and programming interventions to control such epidemic. This component was given added importance by the NACO and renamed as “Priority Targeted Intervention for HIV/AIDS”. This involved participatory approaches, locating groups at highest risk, determining the access and demand for health services among the groups of high risk, and developing strategies based on out reach, peer education and partnership.

3.2.66 The ‘Targeted Intervention Programme’ was entrusted to three NGOs in the State. The outreach of this Programme was limited due to the inexperience of the NGOs. This was also reflected by meagre expenditure of Rs. 2.54 lakh and Rs.3.64 lakh during the years 1999-2000 and 2000-2001 respectively against the provisions of Rs. 25.44 lakh and Rs. 13.15 lakh.

3.2.67 The details of population of high-risk groups covered under the ‘Targeted Intervention Programme’ organised through 3 NGOs during 1999-2000 and 2000-2001 were as follows:

Table-3.22

(Rupees in lakh)

Year	Target groups	Number targeted	Amount allocated	Amount released
1999-2000	Jail inmates	84	50,000	50,000
2000-2001	Taxi drivers & labourers	500	2,70,000	1,21,500
	Migrant labourers	2000	1,19,300	53,685
	Construction & hotel workers	512	1,60,650	72,293
TOTAL		3096	5,99,950	2,97,478

Source - Information obtained from the Department.

3.2.68 The balance amount for the latter three programmes was to be released on satisfactory performance. During 2000-2001, the Society also procured 12000 condoms from the NACO at the cost of Rs. 3,072 and sold them at the same rate to the three NGOs as a part of 'Targeted Intervention Programme'.

Monitoring and Evaluation (ME)

3.2.69 NACO was to be responsible for all operational aspects of project implementation and for project monitoring and evaluation. A national ME agency was to be selected in the first year of the project and each AIDS Control Society was to have an ME Officer and evaluation was to be conducted by outside agencies at baseline, interim and final year. The State AIDS Control Society had not yet appointed an ME Officer to take up the activities at State level. However, analysis of annual action plans, financial flows and annual expenditure indicated a wide gap between the annual action plan and actual performance under various components of the project.

CHAPTER-III
CIVIL DEPARTMENTS
SECTION-B
(AUDIT PARAS)

ANIMAL HUSBANDRY AND
VETERINARY SERVICES DEPARTMENT

3.3 Infertuous expenditure due to deployment of excess staff

Although there was no poultry bird, sheep/goat to be maintained, Rs.12.26 lakh was incurred towards pay and allowances of the staff engaged for the purpose.

3.3.1 Test check of records of the Deputy Director, Animal Husbandry and Veterinary Services, Mangan revealed (November 2000) that the poultry farm in North District was defunct since March 1998. There was also no goat/sheep farm in the District. However, the Deputy Director, Mangan incurred an expenditure of Rs. 12.26 lakh during the period from March 1998 to July 2000 towards pay and allowances of 3 poultry attendants, 1 poultry supervisor and 4 shepherds (all regular staff), which was infertuous.

3.3.2 The Departmental reply (June 2001) that the services of these staff were being utilised in existing farms of heifer, pig, rabbit, yak, etc. was not tenable as there were ten pig attendants, five rabbit caretakers/grass cutter, one bull attendant, three yak attendants, 2 dispensary attendants, besides chowkidars/office attendants/peon etc. engaged on Muster Rolls for activities of other existing farms in the District.

3.4 Retention of funds outside Government account

An amount of Rs. 1.31 crore was withdrawn by the Department to avoid lapse of budget grant and kept out of Government accounts which besides violating Rules also caused a loss of Rs.4.51 lakh to the Government towards cost of funds blocked.

3.4.1 Given the importance of Animal Husbandry in Sikkim, which is the traditional occupation of 90 per cent of the population and 50 per cent of

Sikkim's total area is used for livestock farming, it is imperative that animal husbandry schemes are delivered efficiently with utmost financial discipline. This was, however, not the case as evidenced by the following.

3.4.2 The Commissioner-cum-Secretary, Department of Animal Husbandry and Veterinary Services withdrew Rs. 11.96 lakh, Rs. 66.15 lakh and Rs.53.30 lakh through Abstract Contingent (AC) bills on 31 March 1999, 31 March 2000 and 31 March 2001 respectively for implementation of various hundred per cent centrally sponsored schemes (Piggery Development, Fodder Development, Poultry Development, Quinquennial Programme, Rinderpest Eradication etc.) to avoid lapse of budget grants. These amounts were kept outside Government accounts and besides keeping Rs. 40.00 lakh in current account (SISCO Bank) on 17 May 2001 out of drawal on 31 March 2001, the balance amounts were invested in Term Deposits in the State Bank of Sikkim in June 1999, June 2000 and May 2001 respectively. Of the amount thus invested, an amount of Rs. 12.92 lakh was still lying in the bank in Term Deposits (August 2001). Out of Rs. 40.00 lakh invested in current account attracting no interest, Rs.19.19 lakh remained unutilised (August 2001). However, the Detailed Contingent (DC) bills were not submitted by the Department for the entire amount of Rs.1.31 crore till August 2001.

3.4.3 Due to delay in deposit of the amounts drawn, the Government sustained a loss of Rs.4.51 lakh taking into account the difference between interest earned (7 per cent) and average rate of interest on Government borrowings (12.2 per cent).

3.4.4 Such violation of Financial Rules continues despite observations of the Public Accounts Committee (PAC) in its 5th and 34th Report (March 1999) that the Departments should refrain from drawing money in anticipation of expenditure and during closing months of the financial year to avoid lapse of budget.

3.4.5 The Departmental reply (July 2001) that the sanctions and drafts from GOI were received at the fag end of the years and the Department was forced to keep the amount in supplementary demand for grant in February/March was without merit as the Department should have anticipated the receipt of funds from Government of India as in each year funds were being received during that period and should have provided for them accordingly. By not doing so, it deprived the intended beneficiaries of the social benefits expected out of the implementation during the respective years. The action of the Department was also against the legislative intent and against the recommendations of PAC.

ECCLESIASTICAL DEPARTMENT

3.5 Irregular execution of works

The Department irregularly sanctioned and released Rs.1.27 crore to various bodies/authorities during 1998-2000 for renovation/construction of 305 numbers of shrines/monasteries/temples without preparation of detailed estimates.

3.5.1 No work should commence or liability incurred until proper detailed design and estimates have been sanctioned by the competent authority. Ecclesiastical Department sanctioned and released Rs.1.27 crore to various bodies/authorities during 1998-99 and 1999-2000 for renovation and construction of 305 numbers of shrines, monasteries and temples in contravention of the above principle. No detailed estimates were prepared for these works nor did the Department have any standards or parameters by which to decide the admissibility and permissible quantum of expenditure in each case. In the absence of the detailed estimates, the correctness and genuineness of the expenditure could not be validated in audit.

3.5.2 The Departmental reply (April 2001) that they provided financial assistances to religious institutions for construction/reconstruction/renovation etc. and there was no written rule/norm for release of fund was indicative of the fact that huge financial assistances for specific purposes were being provided to the religious institutions over the years without exercising due diligence over such releases and without any prescribed norms. Further, the Department's action to provide financial assistances from the budgeted provision for "Major and Minor Works" without preparation of estimate and technical sanction was against the codal provisions, besides vitiating the legislative intent.

FINANCE DEPARTMENT

3.6 Loss of Government revenue due to investments at lower rate of interest

Injudicious investment by the State Government led to revenue loss of Rs 13.97 lakh.

3.6.1 Surplus cash balances of the State Government are being invested by Finance Department in short term deposits from time to time to earn interest to the State Exchequer.

3.6.2 Despite knowing that the Bank of Baroda (BOB) was offering interest of 6 per cent per annum on short term deposits, the Principal Secretary, Finance Department invested Rs.75 crore in three instalments of Rs.25 crore each on 9,12 and 22 May 2000 with the State Bank of Sikkim (SBS) at 5 per cent per annum for 30 days. On maturity these deposits were renewed for another 30 days. The Department again invested Rs. 25 crore each on 20 July 2000 and 12 August 2000 for 15 and 24 days respectively with SBS at the interest rate of 4.5 per cent which was again 1 percentage point below the interest offered by BOB. Only from 10 August 2000 did the Department invest its surplus cash balances with other banks who were offering a higher rate of interest than SBS.

3.6.3 Thus due to injudicious investment made with SBS from 09 May 2000 to 12 August 2000, State Government sustained a loss of Government revenue amounting to Rs.13.97 lakh.

3.6.4 The Departmental reply (February 2001) that it would request the SBS to credit the difference in interest to Government account for the period when the interest offered by the SBS was lower to that offered by BOB was not tenable as the SBS was not bound by any agreement to make good the difference in interest.

3.7 Non-recovery of outstanding loan from a Private firm

Non-execution of court order resulted in non-recovery of outstanding loan to the tune of Rs. 1.58 crore from a private banking firm.

3.7.1 The State Government obtained a decree from the State High Court against Jethmal Bhojraj, a private firm acting as erstwhile banker to the Government of Sikkim, on 29 September 1986 for Rs. 96.18 lakh on account of dues of the Government remaining outstanding with the firm from as early as 1968. The firm appealed to the Supreme Court and the Supreme Court vide its order dated 21 September 1988 directed the firm to pay Rs.15 lakh in cash and furnish security to the satisfaction of the executing court for the balance amount of the decree within 3 months. While the firm deposited Rs. 15 lakh during 1989-90, it failed to furnish the security as ordered by the Supreme Court. The Department re-assessed (May 1992) the outstanding liabilities of the firm at Rs. 1.58 crore (including interest and cost of suit) and filed (June 1992) an application with the Sikkim High Court for transfer of decree passed by it on 29 September 1986 for attachment of the properties of the firm located at Darjeeling district of West Bengal and obtained (June 1992) order for execution of the decree through the court of District Judge at Darjeeling for the said properties.

3.7.2 Till date (October 2001), the Department had neither taken any action for execution of the decree nor the balance amount of Rs. 1.58 crore (Rs. 0.22 lakh being realised in 1998-99) could be realised from the firm. This was despite the recommendation of the PAC in its first report (1977-78) that all out effort should be made to recover the dues of the Government from the party, as early as possible.

3.7.3 The matter was reported to the Department and Government (November 2000); reply was awaited (October 2001).

3.8 Loss of interest on idling of capital

Flawed sanction and withdrawal of money for establishment of Sinking Fund before formulation of the scheme resulted in a loss of Rs.18.75 lakh.

3.8.1 Pursuant to the recommendations of the Tenth Finance Commission, Reserve Bank of India (RBI) proposed a scheme for the establishment of Sinking Funds by all States with the objective of using the interest income accruing from the investment of the corpus of the Fund for liquidating the market borrowings of the States. Accordingly, an amount of Rs. 2.67 crore was drawn by the Commissioner-cum-Secretary, Finance Department and remitted to RBI, Guwahati (18 May 1998) even before the scheme for the constitution and administration of the Sinking Fund could be chalked out by the State Government in consultation with the RBI.

3.8.2 In the absence of a formal scheme laying down the modalities of the management of the fund, RBI returned (07 August 1998) the demand drafts amounting to the remitted sum of Rs. 2.67 crore to the State Government. These drafts were finally cancelled on 10 December 1998.

3.8.3 The flawed sanction for withdrawal of money even before finalising the scheme of constituting and administering the Sinking Fund, resulted in the depletion of the cash balances of the State by an amount of Rs. 2.67 crore for the period from 18 May 1998 to 10 December 1998. This money remained idle resulting in the loss of interest of Rs. 18.75 lakh at the borrowing rate of 12.5 per cent by the Government of Sikkim during the year 1998-99.

3.8.4 The Department stated (June 2001) that due to non-finalisation of modus operandi of the fund by the RBI the drafts were returned, but the money remained in the cash balance and so had no quantitative relation to the drawal. The reply was not tenable as Rs. 2.67 crore was remitted to RBI by

way of Demand Drafts, which resulted in depletion of cash balance to that extent and was thus not available for use by the Government.

3.9 Non-recovery of long outstanding loans

Loans given to various individuals and organisations amounting to Rs. 45.82 lakh remained to be recovered for periods ranging from 9 to 24 years. The Finance Department or Administrative Departments do not even have the details of the outstanding amounts.

3.9.1 Loans amounting to Rs. 45.82 lakh, advanced by the Government of Sikkim to various individuals and organisations for developmental and other activities, remain un-recovered for periods ranging from 9 to 24 years as of April 2001, as detailed below.

Table-3.23

Sl. No.	Particulars of the loan	Amount outstanding (Rs. in lakh)	Administrative Department	Year from which outstanding
1	Dairy Development	13.13	Animal Husbandry and Veterinary Sciences	1987-88
2	Poultry Development	3.26	-do-	1984-85
3	Piggery Development	4.16	-do-	1987-88
4	Agricultural loan to cultivators	16.00	Agriculture	1987-88
5	Fisheries Development	4.48	Forest	1991-92
6	Wood Working Centre	4.49	-do-	1976-77
TOTAL		45.82		

3.9.2 The Administrative Department, which disbursed the loans, and the Finance Department, which maintains the loan accounts of the Government, do not even have the information relating to the details of the loanees, actual dates of loans, terms and conditions of the loans, schedule of recovery, rate of interest, penal interest for default in repayment, fulfillment of objectives for which the loans were given etc. Under such circumstances, there is little chance of recovery and the amount of Rs.45.82 lakh, which constitutes only the principal amount outstanding, is not only a potential loss to the State Government but also casts doubts about their utilisation for the purposes for which these loans were granted.

3.9.3 The matter was reported to the Government (November 2000) and other Administrative Departments involved (January 2001). While no reply has been received from the Administrative Departments, the reply of the Finance Department (June 2001) that it did not have any information about the

loans disbursed by other Departments was indicative of the lack of financial control towards recovery of outstanding loans.

3.10 Diversion of funds

The Department spent Rs. 90.87 lakh on activities other than those mandated by the Legislature.

3.10.1 The Government of Sikkim provides money under ‘Capital Outlay’ in its annual budgets with the objective of promoting industrial development in the State and improving infrastructure. Between 1990-91 and 1994-95, the Government spent Rs. 90.87 lakh out of the budget provisions made for investment in three industrial concerns. While the Finance Department could not furnish any details of this investment, information obtained from the Industries Department revealed that the amount was spent for purposes completely different from those mandated by the Legislature, as tabulated below:

Table-3.24

Sl. No.	Purpose for which provision made	Year	Amount provided for in the budget (Rs. in lakh)	Purpose for which actually spent	Amount (In lakh)
1.	Investment in I.T.I.	1990-91	9.90	(a) Share capital to Sikkim Jewels Ltd.* (b) Misc. expenditure	(a) 9.44 (b) 0.27
		1991-92	12.05	(a) Misc. items (b) Electrification of employees quarters of Temi Tea*.	(a) 5.36 (b) 4.00
		1992-93	3.98	Miscellaneous items	3.98
2.	Investment in B.O.G.L.	1990-91	13.97	(a) Paid to Sikkim Jewels Ltd.* (b) Miscellaneous payments	(a) 10.00 (b) 1.10
		1990-91	0.06	Dinner	0.06
3.	Investment in Joint Venture	1992-93	8.00	Construction of Sikkim Khadi Bhavan	8.00
		1994-95	42.91	-do-	43.00
TOTAL			90.87		85.21

* *Sikkim Jewels Limited and Temi Tea are departmental undertakings of Government of Sikkim. The difference of Rs. 5.66 lakh could not be explained by Industries Department.*

3.10.2 The above transactions not only vitiated the Legislative intent but also resulted in wrongful depiction of expenditure in the books of accounts.

3.10.3 The matter was initially reported to the Finance Department (July 2001) which in turn referred it (August 2001) to the Industries Department. While the Industries Department accepted (October 2001) the Audit observation, it could not, however, furnish any reasons for the diversion.

**FINANCE DEPARTMENT
AND
HEALTH AND FAMILY WELFARE DEPARTMENT**

3.11 Loss due to theft of Government money

Though cases of theft of Government money have been pointed out earlier in Audit, the Government of Sikkim had not evolved fool-proof measures to ensure safe custody of government cash.

3.11.1 Cases of theft of government money are normally highlighted in various Audit Reports of the Comptroller and Auditor General of India. The Public Accounts Committee in its 25th Report (March 1996) had directed the Government to examine the adequacy of arrangements for safe custody of government money. Following the incidents of theft mentioned above, the Finance Department had issued (May 1991) an order merely directing the payment of salaries to school staff through cheques issued in favour of the Headmasters of the respective schools instead of drawing money in cash. These instructions targeted only the schools and did not extend to other Departments, especially to those requiring disbursement of salaries to a number of subordinate offices.

3.11.2 Sikkim Financial Rules, 1979 do not contain any specific provisions relating to the physical custody of cash. The Department had also never addressed the issue notwithstanding the recommendations of PAC. In majority of the offices cash is kept in normal almirahs with single lock. The system of strong rooms and embedded cash chests with double locks is not in vogue.

3.11.3 A theft occurred in the office of the Chief Medical Officer (CMO) East, Singtam on the intervening night of 03 and 04 May 2001. Government cash amounting to Rs. 6.56 lakh was stolen after breaking open the normal steel almirah in which it was kept. The cash had been drawn for the disbursement of the salaries of the staff of CMO's office and 8 Primary Health Centres (PHCs) under the control of the CMO. The salary for all PHCs and the CMO's office was drawn on three cheques instead of separate cheques for individual PHCs and the CMO's office, with the result that the entire cash amounting to Rs. 14.62 lakh had to be drawn in one lump-sum even though

payment to all PHCs could not be made on the same day thereby necessitating retention of substantial amount of cash in the office.

3.11.4 Thus, the lack of prescription of comprehensive guidelines for the physical custody of cash and for minimising the need for handling cash, especially in the payment of salaries to the staff of remote subordinate offices, resulted in a loss of Rs. 6.56 lakh of Government money. If no remedial actions are taken, the possibility of such incidents occurring in the future cannot be ruled out.

3.11.5 While accepting the facts, the Department stated (June 2001) that all the cash sections were being provided with iron grills and Defender Safes and the drawal of separate cheques for individual PHCs, PHSCs and District Hospitals had been introduced. It further stated that the theft case was still under police investigation.

FOOD AND CIVIL SUPPLIES DEPARTMENT

3.12 Non-deduction of Income Tax

Failure of the Department to deduct Income Tax at source from 22 local suppliers of rice led to non-realisation of income tax to the tune of Rs. 12.38 lakh.

3.12.1 In accordance with the State Government Circular dated 17 June 1985 and 27 July 1985, State Income Tax was to be deducted at source at the rate of 3 per cent from the supplier's bills.

3.12.2 In spite of reporting in earlier Audit Reports vide paragraphs 4.6, 6.7 of 1996-97 and 6.10 of 1998-99 about non-deduction of taxes at source and the PAC recommendations thereagainst for expeditious recovery of taxes, compliance of deduction in future, issue of suitable instructions by the Government to equip the tax collecting authorities with the information of transaction made by the suppliers etc., the Food and Civil Supplies Department did not deduct State Income Tax at source while purchasing rice worth Rs.4.13 crore from 22 local suppliers during January to May 2000.

3.12.3 The Departmental reply (May 2001) that the matter had been referred to the Income Tax Department for realisation of tax during filing of annual returns by the suppliers was not tenable as it was the Department's duty to deduct tax at source as required under the Government order. Further, persistence of such irregularity was indicative of a lackadaisical approach of

both the expenditure incurring and the tax collecting authorities towards ensuring the collection of taxes due to the Government.

FOREST DEPARTMENT

3.13 Retention of money outside Government account

Government revenue amounting to Rs.24.11 lakh remained outside Government account for periods ranging from 31 to 309 days besides loss of interest to the tune of Rs.5.66 lakh.

3.13.1 Sikkim Financial Rules envisage that all moneys received by or on behalf of Government should be brought into Government account without delay. Notwithstanding this, the Range officers in the East, West and South Territorial Divisions of the Forest Department took an inordinately long time to deposit the cash collections on account of royalty of stone, sand and timber etc. amounting to Rs. 24.11 lakh into Government account during the year 1999-2000. After excluding the month of collection, the delay ranged from 31 to 309 days in 274 cases with monetary involvement of Rs. 1000 to Rs.84754 as detailed below:

Table-3.25

Sl.No.	Period (Range)	No. of cases	Total monetary involvement (Range)
1.	31 to 90 days	236	Rs.21,82,283 (Rs.1,000 to Rs. 84,754)
2.	91 to 180 days	33	Rs. 1,89,861 (Rs.1,090 to Rs. 30,120)
3.	181 to 270 days	02	Rs. 3,036 (Rs. 1,036 to Rs. 2,000)
4.	271 days and above	03	Rs. 35,437 (Rs. 1,856 to Rs. 29,341)
	TOTAL	274	Rs.24,10,617

3.13.2 This deferral not only resulted in keeping money outside the Government account but also was fraught with the risk of temporary misappropriation of public funds. In addition, the Government also suffered an interest loss of Rs.5.66 lakh calculated on the basis of average rate of market borrowings of the Government of Sikkim.

3.13.3 The Department stated (September 2001) that due to widespread forest fire along the reserve forest of the tropical range during the period from December 1998 to June 1999, the field officers were compelled to utilise the ready cash to mobilise manpower for rescue operation and to bring the fire under control as there was no alternative means. It was further stated that the amount utilised had been paid back to the relevant revenue account and the concerned officers severely warned against repetition of such practice. The

reply of the Department was not acceptable as the manner of the stated utilisation was beyond the provision of SFR. Further, while the irregularity was noticed throughout the State, except North District, during April 1999 to March 2000, the incidence of forest fire was confined along the reserve forest of tropical range only during December 1998 to June 1999. A further scrutiny of individual cases revealed that almost all the deposits were on separate dates spread over the entire year of 1999-2000 indicating that the delay in depositing government receipts was a regular feature.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.14 Unfruitful investment

Improper planning and failure to take appropriate measures to mitigate the factors responsible for malfunctioning of a machine resulted in an unfruitful investment of Rs. 1.84 crore besides costing Rs.59.10 lakh to the Government on blocked funds.

3.14.1 The STNM Hospital, Gangtok, purchased (December 1997) a CT Scan machine from M/s Siemens Ltd., Calcutta (Supplier) on a turn-key basis at a cost of Rs. 1.60 crore. An amount of Rs.10 lakh was further spent on renovation of the room, wiring, installation of AC and electric generator etc. After its installation in December 1997, the machine remained idle till September 1998 as it was only then that the training of technicians was taken up by the Supplier. Between September 1998 and June 1999, the machine was plagued with various problems and functioned only intermittently. After carrying out repairs, the machine worked uninterrupted from the middle of June to the middle of December 1999. However, the CT scanner developed a major snag on 19 December, 1999 and finally stopped functioning. The cause was determined to be a faulty Power Control Board (PCB) which required replacement.

3.14.2 After detailed investigations, the Supplier pinned the high level of humidity prevailing at the equipment site as the major reason for the recurring malfunctioning of the machine. Accordingly, they suggested the replacement of the PCB along with the installation of a dehumidifier. The Department paid an amount of Rs.10.50 lakh (September 2000) to the Supplier for the replacement of the PCB to be imported from Germany. It also entered into an Annual Maintenance Contract (AMC) with the supplier with effect from 8 September 2000 and paid Rs. 3.50 lakh for the same.

3.14.3 It was observed that the high level of humidity had not been factored into while planning the procurement of such expensive machinery. Even now, while the Department has gone ahead with the replacement of the defective

part, no action has been taken to install a dehumidifier to take care of the root cause of the problem.

3.14.4 Thus, failure to give due regard to the prevailing site conditions and to other aspects connected with the installation and operation of the sensitive and expensive equipment and failure to take appropriate mitigating measures resulted in the CT Scan machine being operational for only a brief period of six months till May 2001 in almost 3 and a half years since its installation. As a result, the Government did not get value for money for the expenditure of Rs. 1.84 crore made by it on the machine, besides sustaining a loss of Rs.59.10 lakh* towards cost of funds blocked on a non-functional machine.

3.14.5 From the Department's reply (July 2001), it was seen that while the CPU-SPARC 2 PCB for which Rs. 10.50 lakh was paid to the supplier had not been received for installation, the machine was temporarily made operational since May 2001 by installing one Master PCB (D-30) at an additional cost of Rs. 1.62 lakh and relocation of the air conditioner. It was stated by the Department that advice had been sought from the suppliers of the machine for a suitable type of dehumidifier and the same would be installed on receipt of the advice. The reply was not tenable as the Department could run the machine only temporarily by adopting a provisional measure and was yet to take up appropriate steps to address the problem of humidity permanently. Even the required PCB could not be installed till July 2001. There is every likelihood that the machine, even after the replacement of the defective part, may continue to give problems as the factors responsible for its malfunctioning in the first place still remain unattended to.

HORTICULTURE DEPARTMENT

3.15 Irregular drawal of advance and retention of fund outside Government Account

The Department had irregularly withdrawn and retained a fund of Rs.1.64 crore outside the Government account, besides causing a loss of Rs.6.50 lakh to the Government towards cost of funds blocked.

3.15.1 According to Sikkim Financial Rules, no money should be drawn from Government account unless it is required for immediate disbursement or to prevent lapse of budget grants. Further, the Public Accounts Committee

* Calculated on the basis of period of idling vis-à-vis applicable rate of interest on market borrowing.

(PAC) in its fifth (March 1983) and thirty-fourth Reports (March 1999) had observed that drawal of money not needed for immediate disbursement and its retention out of Government account were serious financial irregularities to be viewed with concern.

3.15.2 The Horticulture Department received Rs.1.90 crore from Government of India (GOI) between June 1999 to March 2000 for implementation of 7 Centrally Sponsored Schemes* (100 per cent) during 1999-2000. However, as the Department failed to anticipate the receipt from GOI, the provision for expenditure in the budget was made through supplementary allocation only in March 2000 and the Department in order to avoid lapse of budget drew Rs.1.63 crore on AC Bills on the last working day of the financial year 1999-2000. Out of Rs. 1.64 crore, an amount of Rs. 98.68 lakh was kept in fixed deposit with State Bank of Sikkim during June 2000 and the balance amount of Rs. 64.94 lakh was stated to have been incurred for implementation of the programmes during April to June 2000. Despite the requirement of submission of DC bills within 3 months, no bill were submitted (November 2000) by the Department due to which the authenticity of the expenditure could not be vouchsafed in audit.

3.15.3 Not only was the drawal of funds in advance of requirement in total disregard of the codal provisions and observation of the PAC but also caused a loss of Rs.6.50 lakh** to the Government towards cost of funds blocked. Further, such fiscal mismanagement and failure to anticipate the need for budget provisioning also caused delay in programme delivery of developmental schemes in the key area of Horticulture.

3.15.4 The Department stated (March 2001) that it did not keep any provision in the Demand for Grants of 1999-2000, as the Ministry of Agriculture (GOI) first decided to replace the funding pattern of all centrally sponsored schemes from 1999-2000 but later on allowed them to continue for 1999-2000. The reply was not tenable as the intimation for continuance of the schemes were communicated by the GOI in May 1999 and the advance remained unadjusted beyond the permissible limit of 3 months. A further audit scrutiny revealed (July 2001) that even at the end of June 2001, an amount of Rs. 11.41 lakh out of Rs.1.64 crore drawn in March 2000 remained to be utilised and no Detailed Contingent Bill for the amount spent was prepared for which the propriety of the expenditures could not be vouchsafed in audit.

* *Vegetable demonstration, Integrated Programme for Development of Spices, Commercial Floriculture, Assistance from National Horticulture Board, Plasticulture in Horticulture, Integrated Development of Fruits, Root and Tuber crops.*

INDUSTRIES DEPARTMENT

3.16 Unfruitful expenditure on establishment of Industries Development and Labour Welfare Board (IDLWB)

No activities assigned to the Industries Development and Labour Welfare Board were performed but Rs.13.08 lakh was spent on purchase of vehicle, salary/wages of staff and other items.

3.16.1 The Government of Sikkim constituted the Industries Development and Labour Welfare Board (IDLWB) during April 1995 with the objective of suggesting measures for development and promotion of industrial units in the State and for revival of sick industries, identifying areas and specific location for industrialisation, exploring the possibilities and modalities for setting up of export oriented industrial units etc. The Board consisted of a Chairman and eight other members comprising of Secretaries/Directors of various Departments, Managing Directors of Public Sector Undertakings (PSUs) and other individuals.

3.16.2 An amount of Rs. 13.08 lakh was incurred during May 1995 to March 2001 towards purchase and maintenance of vehicle, expenses towards POL, stationery articles, traveling allowances and house rent allowed to the Chairman, salary, allowances and wages of the staff attached to the Chairman etc. However, no meeting was held by the Board nor any activity undertaken by it since its establishment till the end of March 2001. Thus the Board was virtually non-functional. The expenditure of Rs. 13.08 lakh on the Board was therefore unjustified.

3.16.3 The Department's contention (August 2001) that the Chairman served as adviser for formulation of policy, programmes etc. regarding industrial development in the State and the expenditure on the Chairman was incurred as per Government guidelines was not tenable as the Board headed by the Chairman had not engaged in any activity, had not met even once during the period of almost 6 years since its formation and was thus virtually non-functional.

**

Calculated on the basis of retention vis-à-vis applicable rate of interest on market borrowing.

3.17 Payment of salaries to idle staff

Delay in taking a decision regarding the future of Sikkim Flour Mills Limited, which closed its operations in December 1999, has resulted in payment of salaries to the idle staff to the tune of Rs. 39.61 lakh.

3.17.1 Sikkim Flour Mills Limited (SFML) was incorporated and registered (June 1980) as a Company under the Registration of Companies Act, Sikkim 1961. The Mill was leased out (August 1998) to a private party for a trial period of six months. The lease was extended by a further period of one year with effect from 01 February 1999. Due to recurring losses, the lessee abandoned the Mill (June 1999) and the Government rescinded the lease agreement with effect from 01 July 1999.

3.17.2 After taking over SFML (July 1999), the Government is yet to take a decision on its future. The Mill completely stopped its operations in December 1999 rendering its entire staff and assets idle. The Department has so far released from the budget provision under ‘Capital Outlay on Public Sector Investment’, an amount of Rs. 39.61 lakh to SFML as equity for payment of salary to the staff from December 1999 to April 2001.

3.17.3 The PDS quota of the State has decreased from 890 MT to 100 MT per month with effect from May 1999 against the capacity of the Mill of 1500 MT per month. Further, open market wheat is cheaper and there is no demand for PDS wheat. These circumstances coupled with the high fixed costs have rendered SFML unviable. While the Government dithers in its decision-making, the monthly outgo of Rs. 1.2 lakh on salary of the staff continues and assets worth Rs. 1.60 crore yield no returns.

3.17.4 Though the Department replied (July 2001) that the Government had decided (May 2001) to close down the Mill and retrench the staff on Voluntary Retirement Scheme (VRS), the fact remained that the Government was yet to take any decision regarding the fixed assets worth Rs.1.60 crore and pending implementation of VRS, the monthly outgo on salary of staff continued.

3.18 Loss of revenue and additional burden

Failure to fulfill a contractual commitment resulted in a loss of revenue of Rs. 8.75 lakh and an additional burden of Rs. 9.82 lakh.

3.18.1 Sikkim Flour Mills Limited (SFML), a wholly owned company of Government of Sikkim, was leased out by the Secretary, Industries Department to M/s Sikkim Wheat Product Industries Private Limited (SWPL) on trial basis for six months from August 1998 to January 1999 at a lease rent of Rs. 10.50 lakh, which was paid in advance (July 1998) by the lessee. The

Secretary extended (May 1999) the lease on the existing terms, for a further period of one year with effect from 01 February 1999, on a request received from SWPL.

3.18.2 Clause 28 of the lease agreement stipulated *inter-alia* that the Lessor (Government of Sikkim) would help in getting the quota of wheat to the full capacity of the Mill and in case of the quota being made available in the name of the Lessor, it would entirely pass on to the Lessee. Government of Sikkim had a PDS quota of 890 MT per month till May 1999. Against this quota, the total quantity of wheat made available to SWPL during the initial spell of the lease from August 1998 to January 1999 was only 550 MT. This was despite repeated pleas by the Lessee for full allocation of quota as the meagre quantities allotted to the Mill were not enough to meet the costs and their operations were resulting in heavy losses.

3.18.3 As there was no improvement in the release of wheat quota to them after the extension of the lease, SWPL abandoned the Mill and the Secretary of the Department terminated the lease agreement with effect from 01 July 1999 on the ground that the Lessee failed to meet its obligation of paying the lease rent. The rent of Rs. 8.75 lakh for the period of five months from February 1999 to June 1999 was not paid. In addition, the Department was saddled with a burden of Rs. 9.82 lakh as SWPL left without paying the salaries of the staff for the months of May and June 1999 amounting to Rs.4.80 lakh and outstanding electricity dues of Rs. 5.02 lakh.

3.18.4 Thus, failure to adhere to a contractual obligation and inaction in realising the lease rent in advance caused a total loss of Rs. 18.57 lakh to the Government.

3.18.5 The matter was reported to the Department/Government (January 2001); no reply was received (October 2001).

POLICE DEPARTMENT

3.19 Irregular payment of electricity dues

The Department incurred irregular expenditure of Rs. 11.93 lakh towards payment of electricity dues with surcharge for family staff quarter.

3.19.1 Payment of electricity charges for residential buildings is neither covered under Rules nor have any powers been delegated to Heads of Department to sanction the expenditure towards the same.

3.19.2 The Inspector General of Police, Police Headquarters sanctioned (March 2000) an amount of Rs.11.93 lakh towards electricity charges (including surcharge for delayed payment) for the period from March 1988 to June 1994 for the family staff quarters at Pangthang instead of same being paid by the occupants. The payment of electricity dues for the family quarters from Government account was not only irregular but also burdened the Government exchequer to that extent.

3.19.3 The reply of the Department (July 2001) that liability of payment of power dues could not be fixed on individuals due to non-allotment of separate meter boxes for residential and non-residential blocks was factually incorrect as bills raised by the Power Department indicated dues payable for residential and non-residential blocks separately.

3.20 Irregular drawal of House Rent Allowance

Despite clear specification contained in the guidelines, the IRB personnel irregularly drawn HRA at higher rates leading to excess drawal of Rs.14.12 lakh.

3.20.1 Government of India guidelines (October 1961) stipulate that the House Rent Allowances (HRA) for the armed police battalions on their deployment from one State to another shall be granted only if their families continue to stay in the localities for which these allowance are sanctioned by the parent State. Further, this will be allowed at the rates certified as admissible from time to time in the parent State of the personnel concerned.

3.20.2 Three hundred and fifty two (352) personnel of India Reserve Battalion (IRB) who had left behind their families in the parent State (Sikkim) although deployed at Delhi, were drawing HRA at Delhi rate (20 per cent of basic pay) instead of Gangtok rate (15 per cent of basic pay) for the period June 1999 to March 2001 in contravention of the above guidelines. This resulted in irregular drawal of excess HRA amounting to Rs. 14.12 lakh.

3.20.3 The Departmental reply (April 2001) that IRB personnel posted at Delhi were paid HRA at the rate 20 per cent as per the Revised Pay Rules 1998 was not tenable as IRB personnel posted at Delhi were provided with rent-free non-family accommodation and therefore were not entitled for any HRA according to the Revised Pay Rules.

3.21 Irregular and excess payment of extra special pay and compensatory allowance

The department allowed special pay of Rs.71.47 lakh to police personnel despite Government ban.

3.21.1 Despite clear and specific notification issued by the Government, the Deputy Commandant (IRB) and the Director General of Police (HQ) continued to pay extra salary equivalent to one-twelfth of the sum of basic pay, special pay and other admissible allowances except house rent allowance to 363 personnel of the Indian Reserve Battalion (IRB) and 45 personnel of Police Headquarters upto the rank of Sub-Inspector. During January 1998 to March 2001, an approximate amount of Rs.66.43 lakh (Rs.57.72 lakh in respect of IRB and Rs.8.71 lakh in respect of Police HQ) was irregularly paid as extra salary.

3.21.2 It was further seen that in addition to the above, Sikkim/Delhi Compensatory Allowance at 10 per cent on basic pay was also paid which resulted in a further irregular and excess payment of Rs. 5.04 lakh (Rs.4.38 lakh in respect of IRB and Rs.0.66 lakh in respect of Police HQ) besides payment of compensatory allowance for the 13th month in a year.

3.21.3 Thus, there was an irregular payment of Rs.71.47 lakh during January 1998 to March 2001.

3.21.4 The reply (June 2001) of the Deputy Commandant (IRB) that it had initiated action for regularisation of the special pay and extra pay with the Government was not tenable as the amount stood irregularly paid necessitating recovery and no step was taken to effect recovery. No reply had been received from the DGP (HQ) (October 2001).