

## PREFACE

*This Report for the year 2007-08 and 2008-09 deals with the results of audit of the accounts of Panchayat Raj Institutions in the State of Sikkim.*

*This report has been prepared for submission to the Government of Sikkim in accordance with the terms of Technical Guidance and Support of the audit of accounts of Panchayats Raj Institutions by the Comptroller and Auditor General of India under Section 20(1) of Comptroller and Auditor General's D.P.C. Act 1971.*

*The cases mentioned in the report are among those which came to notice mainly in course of audit of accounts of Zilla Panchayats and Gram Panchayats for the years 2007-08 and 2008-09.*

*The purpose of this report is to give overviews of the functioning of PRIs in the State of Sikkim and to draw the attention of the executive Department and PRIs for remedial actions and improvement wherever necessary.*

## OVERVIEW

This report contains three chapters. The opening chapter contains an overview of the Panchayat Raj Institution in the State and deficiencies in the accounting procedures. Chapter 2 consists of performance audit on National Rural Employment Guarantee Scheme and Chapter 3 contains Audit paras.

### 1. An overview of Panchayat Raj Institutions

Despite the provisions for collection of taxes, the GPs had not initiated any steps to identify the areas for levying of taxes nor collected any revenue except Lunchok Kamery GP which had levied the above fees and taxes and realized revenue meriting appreciation.

*(Paragraph 1.6.1)*

Absence of sound basis for transfer of funds to the PRIs by the departments constrained the PRIs to gauge the extent of fund availability with them in any particular year restricting them to make any plan with foreseeable certainty. The planning at the PRI level was therefore totally on ad-hoc basis

*(Paragraph 1.8)*

Planning process duly reflecting the needs and aspiration of people at grassroots through Gram Planning Forum ( GPF ), value addition at BDOs and DDO level and final consolidation by District Planning Committee (DPC) after obtaining technical expertise from DTSC was non-functional despite formation of GPF, DPC, DTSC, etc.

*(Paragraph 1.9)*

### 2. National Rural Employment Guarantee Scheme

A total of 1.13 lakh rural households registered, 0.79 lakh demanded employment and 0.75 lakh households received employment with the total fund involvement of ₹56.53 crore during 2006-09 on execution of 1869 works.

*(Paragraph- 2.1.7.1)*

The State Government formulated rules for carrying out the provisions of the NREG Act as late as June 2006 and did not prescribe the time frame for proposing, scrutinising and approving REGS works by GP, Block and District levels as of March 2009.

*(Paragraph- 2.1.9.1)*



The State Government constituted (June 2006) State Rural Employment Guarantee Commission recording a delay of nine months and designated (October 2007) Secretary, RMDD as State Rural Employment Guarantee Commissioner after a delay of 16 months. This led to non- preparation of list of preferred works; Annual Reports for submission to the State Legislature; absence of review, monitoring and redressal mechanism; etc.

*(Paragraph- 2.1.9.2)*

While Technical Assistants were appointed, full-time dedicated Programme Officers and dedicated Gram Rozgar Sevaks were appointed belatedly in December 2008 and panel of Accredited Engineers for assisting with the estimation and measurement of work were also not constituted nor was the Technical Resource Support Group at State / District level set up as of March 2009.

*(Paragraph- 2.1.9.4)*

While the District Perspective Plan was not prepared except by North district, annual plans were not prepared by any of the GPs indicating lack of participation or inadequate participation by Gram Sabhas and Gram Panchayats in the planning process.

*(Paragraph- 2.1.10)*

The Government did not prepare (i) separate District-wise Schedules of Rates specifically for NREGS works, (ii) exhaustive and detailed list of tasks required for undertaking works under REGS in different geomorphological conditions, and (iii) the productivity norms for the District Schedule of Rates for each locale in such a way that seven hours of normal work earns minimum wages on a piece rate basis. This led to uneven distribution of manpower requirement.

*(Paragraph- 2.1.12.3)*

Payment of wages to workers was delayed from one day to four months in 76 cases amounting to ₹45.90 lakhs. Compensation for delayed payment of wages were not paid to workers.

*(Paragraph-2.1.12.4 )*

It was noticed that social audit of the scheme was not conducted during 2006-07 and 2007-08. It started only from 2008-09. Non-conduct of social audit strikes at the root of the demand-driven bottom-up approach of NREGS.

*(Paragraph- 2.1.14)*

### 3. Audit Paras

Despite recurring expenditure of ₹ 13.31 lakh towards maintenance ( ₹ 11.73 lakh) and lease rent (₹1.58 lakh) of the herbal gardens during the period 2004-05 to 2008-09, no production were generated leading to infructuous expenditure of ₹ 37 lakh on it creation.

*(Paragraph 3.1)*

The action of the GPU to sanction and release loan to SHGs was not only against the norms but also did not lead to any fruitful utilization of funds as the activities undertaken by the SHGs were not yielding any result. The loan was also not refunded by the SHGs despite undertaking to refund within 12 months.

*(Paragraph 3.2)*

Diversion of fund from Developmental grants was not only irregular but also in effect compromised the development envisaged in the executive committee meeting of North ZP especially in the arena of micro sector as evident from their annual action plans of the district.

*(Paragraph 3.3)*

Even after incurring expenditure of ₹ 3.25 lakh none of the pickle production unit were established let alone productivity and income generation of ₹ 3.18 lakh per annum as envisaged in the project report.

*(Paragraph 3.4)*

GPs issued 201.56 qtl rice (valuing ₹ 2.52 lakh at FCI rate and ₹ 1.78 lakh at subsidised rate) to the suppliers in lieu of material supplied. This was not only unauthorized as per SGRY guidelines but also led to a diversion of rice from wage component to material component and loss to GPs of ₹ 0.74 lakh.

*(Paragraph 3.5)*

The implementation of BRGF fund by West district ZP was characterized by absence of fair competition and wide publicity involving ₹ 2.65 crore. The works were not completed despite release of funds of ₹ 1.54 crore by RMDD – the progress ranging between 60 and 75 *per cent* as of September 2009.

*(Paragraph 3.6)*



## CHAPTER - I

### AN OVERVIEW OF THE PANCHAYAT RAJ INSTITUTIONS

#### 1.1 Introduction

The Sikkim Panchayat Act, 1993 in keeping with 73<sup>rd</sup> amendment of the Constitution was enacted to establish a two tier Panchayat Raj Institution (PRI) system at village and district levels in the state. The system comprises elected bodies- Gram Panchayats (GPs) at village level and Zilla Panchayats (ZPs) at district level. As per 2001 census, the total population of the state was 5.41 lakh of which rural population constituted 4.81 lakh (88.90 *per cent*). The Act extended to whole of Sikkim except 12 small towns. As of March 2009, there were 4 ZPs<sup>1</sup> and 163 GPs in the state.

Besides functioning as units of local self government, the PRIs also aim to promote participation of people and effective implementation of various developmental programmes in the rural areas. The GPs and ZPs have accordingly been assigned with the overall supervision, coordination and implementation of developmental schemes at village and district levels and preparation of plans for areas of their jurisdictions.

#### 1.2 Organizational structure of the PRIs

Rural Management & Development Department (RMDD) is the overall in-charge for effective functioning of the PRIs in the State. The organogram given below depicts the organizational structure of the department and the PRIs:

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<sup>1</sup>North, East, South and West

**At State Level**

Secretary, Rural Management and  
Development Department

Director Panchayat

**At District level**

Zilla Panchayat elected body  
headed by a Zilla Adhakshya

District Collector  
(Sachiva)

**At Village level**

Elected Body headed  
by President

Block Development  
Officer



### 1.3 Powers, functions and duties vested with the PRIs

The broad details of powers, functions and duties vested with the PRIs as per the Sikkim Panchayat Act, 1993 are as under:

Authority	Rule/ Act	Function
Zilla Panchayat & Gram Panchayat	Section 69 and Section 34 of Sikkim Panchayat Act 1993 (Amended 1995)	Preparation of budget and Annual Action Plan, implementation of schemes for economic development and social justice and collection of revenue for development works.
Gram Sabha	Section 11 of Sikkim Panchayat Act 1993 (Amended 2005)	Approval of works/development plans, identification of beneficiaries for extending benefits of social sector schemes.
District planning Committee	Section 127 of Sikkim Panchayat Act 1993 (Amended 1995)	Consolidation of plans prepared by the panchayats into the draft district plan of the district.
GP level Social Audit cum Vigilance Committee	Notification no.29/RMDD/2008 dated: 12 Feb 2008	Compulsory inspection of works as per estimate and in a qualitative manner and submission of completion certificate before passing the bills.
Gram planning Forum	No.50/RMDD/P dated:19.08.2006	Preparation of Annual Plan, prioritizing the works and monitoring of all works being implemented by GP.
State Government	No. 35(2)97-98/38/RDD/P(II) dated: 13.05.1998	Sanction of grants, approval of budget, audit of accounts, allocation of property, transfer of assets, fixation and regulation of rates of taxes and fees.
District Technical Support Committee	No.51/RMDD/2004 dated:19.08.2006	Technical support for preparation of GP, ZP and draft district plans. Preparation of district perspectives for each of the sector and timely submission to GP/ZP.
GP Disaster Management Committee	No.35(110)05-06/RM&DD/P/35 dated:24.01.06	Preparation of disaster mitigation and preparedness plan.
Block Development Officers	No.627/RM&DD dated: 12.1.2007	Overall smooth functioning of GPs within their Jurisdiction.



## 1.4 Audit arrangement for PRIs

Sikkim Gram Panchayat (Financial) Rule, 2004 and Sikkim Zilla Panchayat (Financial) Rule, 2001 provide for proper maintenance of accounts for the GPs and ZPs respectively. As per provision of the Sikkim Panchayat Act, 1993 the State Government is required to appoint Auditor for audit of the accounts of ZP and GP. This Act was amended (October 2004) and the C&AG has been entrusted the audit of accounts of PRIs over and above the audit by State Government. In keeping with the recommendations of Eleventh Finance Commission and guidelines issued by Ministry of Finance, C&AG has been entrusted with the task of exercising technical guidance and supervision over audit of PRIs with effect from 2005-06 in addition to any other authority vested with audit of PRIs. Accordingly, audit of the GP is being conducted triennially and ZPs annually by the office of the Accountant General since May 2003 as per the methodology and procedure enshrined in Auditing Standards and the Guidelines issued by C&AG from time to time. The State Government, however, has not carried out internal audit of PRIs during the years 2007-09.

## 1.5 Funding and parking of funds

The PRIs are solely funded by the Government through grants- in -aid from Central and State Governments for general administration as well as development activities. Funds are initially reflected in the State budget against the outlay of various administrative departments under grants-in-aid. Individual departments thereafter transfer the funds to Sachiva, Zilla Panchayats for Zilla Panchayat and District Development Officer for GPs as grants-in-aid. The ZPs and GPs, in turn, park their funds in the savings account maintained with the nationalized banks.

Allocation to PRIs by the State Government during 2004-05 to 2008-09 is shown below:

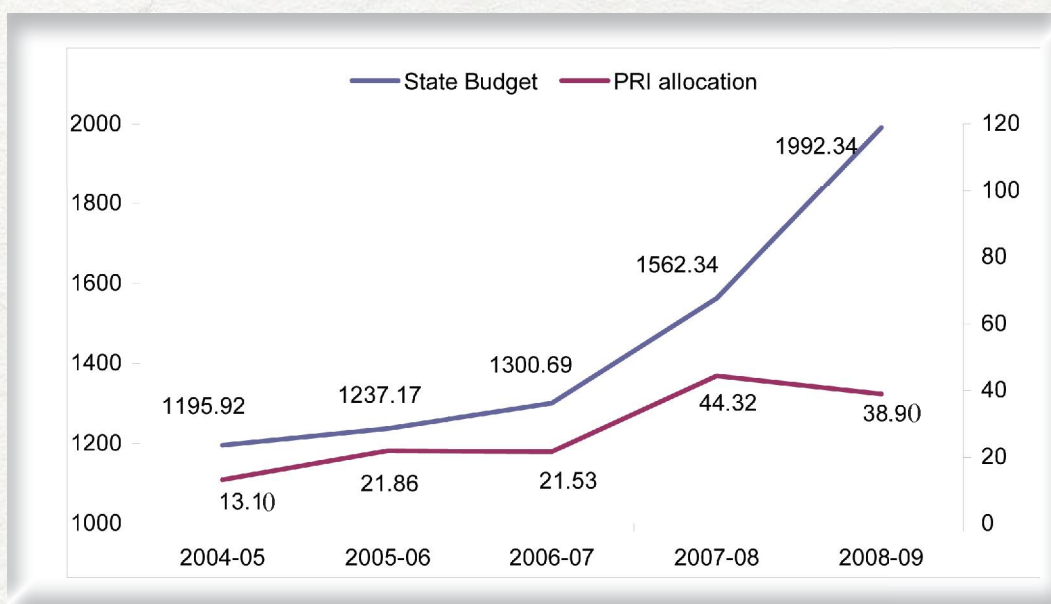
**Table-1.1**

*(Rupees in Crore)*

Year	Total expenditure of State (Revenue & Capital)	Allocation to PRIs	Percentage
2004-05	1,195.92	13.10	1.10
2005-06	1,237.17	21.86	1.77
2006-07	1,300.69	21.53	1.66
2007-08	1,562.34	44.32	2.84
2008-09	1,992.34	38.90	1.95
Total	7,288.46	139.71	1.92



It would be noticed that the fund allocation to the PRIs ranged between 1.10 to 2.84 *per cent* of total expenditure of the State Government as against the stipulation to release 10 *per cent* of the funds to PRIs by each Department which is depicted in the graph below:





## 1.6 Source of Receipts

The broad source of receipts for the period from 2004-05 to 2008-09 are given below:

**Table-1.2**

*(Rupees in lakh)*

Year	Central Grant to GPs	State Grants (Development Fund)		Direction & Administration		Total Fund transferred from other Departments		Grand Total	
	GP	ZP	GP	ZP	GP	ZP	GP	ZP	GP
2004-05	945.67	200.00	830.00	177.00	103.00	0.00	0.00	377.00	1,878.67
2005-06	1,236.09	200.00	1,660.00	178.09	115.85	25.60	6.14	403.69	3,018.08
2006-07	1,691.46	240.00	1,660.00	165.00	75.65	10.00	2.00	415.00	3,429.11
2007-08	1,893.78	472.43	2,515.37	164.18	30.15	734.80	514.69	1,371.41	4,953.99
2008-09	1,315.00	229.00	497.00	300.00	105.00	955.65	1,803.46	1,484.65	3,720.46
Total	7,082.00	1,341.43	7,162.37	984.27	429.65	1,726.05	2,326.29	4,051.75	17,000.31

*(Source: Figures furnished by Rural Management & Development Department, Government of Sikkim)*

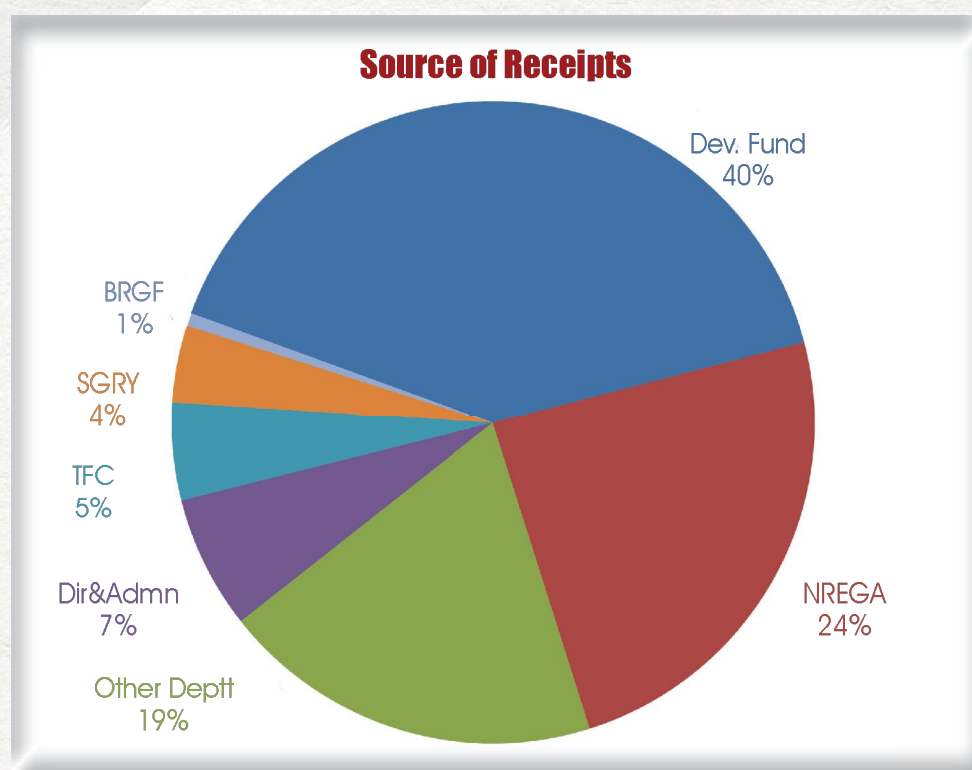
The broad source of receipts during the year 2004-05 to 2008-09 from, Twelfth Finance Commission, Swarna Jayanti Gram Rojgar Yojana National Rural Employment Guarantee Scheme, Backward Region Grant Fund, State grant, etc are shown in the table as well as the pie chart below:

**Table-1.3**

*(Rupees in crore.)*

Source	ZP	GP	Total	Percentage contribution of total receipts
NREGA	0	50.89	50.89	24
BRGF	1.36	0	1.36	1
Twelfth Finance Commission (TFC)	0	10.40	10.40	5
Swarna Jayanti Gram Rojgar Yojana (SGRY)	0	8.17	8.17	4
State Grants (Development Fund)	13.41	71.62	85.03	40
Direction & Administration (D&A)	9.84	4.30	14.14	7
Fund transferred from other Deptt.	17.26	23.26	40.52	19
Total receipt	41.87	168.64	210.51	100





### 1.6.1 Non-levy of taxes

Sikkim Panchayat Act, 1993 (u/s 39 (1) and 40 (1) envisaged levy of taxes, rates, and fees on the subject mentioned at clause (a) to (i) of Rule 40 by the ZPs subject to the rates fixed by the State Government. Similarly, GP may also levy taxes, rates and fees with the approval of State Government on the subject mentioned at clause (a) to (k) of section 77(1) of Sikkim Panchayat Act, 1993.

As per Second State Finance Commission's recommendations, GPs were entitled to levy taxes such as (i) Dhuri Khajana<sup>2</sup> for RCC building at ₹50 per annum, Other houses at ₹20 per annum and Temporary huts at ₹5 per annum; (ii) user charges of ₹1 per tap from the user of water tap; (iii) water cess from user of irrigation at ₹25 per year for holding up to 5 acre, ₹50 per year for 5 to 8 acre, ₹100 per year for above 8 acre; (iv) fee for construction of house within panchayat at ₹50 for pucca house/ RCC, ₹10 for temporary house/huts; (v) fee for the occupation of hat areas under rural marketing centre from seller /grocery sellers. It was however noticed that despite the above provisions, the GPs had not initiated any steps to identify the areas for levying of taxes nor collected any revenue except Lunchok Kamery GP which had levied the above fees and taxes and realized revenue meriting appreciation. It was also noticed that control mechanism for levy and its collection by the PRIs were not prescribed to facilitate timely initiation of the levy and collection procedure despite recommendation (September 2003) by the Second State Finance Commission.

<sup>2</sup>Land Revenue



## 1.7 Allocation and Utilisation of State Finance Commission (SFC) grants

The 73<sup>rd</sup> Constitutional amendment provides for appointment of a Finance Commission by the State Government to review the financial position of the Panchayats and recommend the (i) sharing pattern of the net proceeds of taxes, duties, tolls and fees leviable by the State between the State and the Panchayats, (ii) taxes, duties, tolls and fees may be assigned to the Panchayats; and (iii) grants-in-aid to the Panchayats. The report of the Commission together with a memorandum of action on it was to be laid before the State legislature.

In pursuance of Article 243(I) of the constitution (Seventy Third) Amendment Act, 1992 the State Government constituted the First State Finance Commission in 1998 and the Second State Finance Commission (SSFC) in 2003. The SSFC submitted its recommendations to Government during February 2006. Among accepted recommendations, the following were not complied:

- ☐ User charges etc were not levied by the PRIs to augment their resources as pointed out in para 1.6.1.
- ☐ One *per cent* of tax amounting to ₹5.70 crore for the period 2006-07 to 2008-09 was not transferred to PRI although accepted by the Government as per the recommendation of 2<sup>nd</sup> State Finance Commission as shown below:

**Table-1.4**

*(Rupees in crore)*

Year	Tax receipt	1% of Tax receipt	Tax Transferred
2006-07	173.18	1.73	Nil
2007-08	197.85	1.98	Nil
2008-09	199.19	1.99	Nil
Total	570.22	5.70	Nil

## 1.8 Sectoral Analysis

Mention was made in the ATIR (para 1.9) for the year 2005-07 regarding non maintenance of information on budget provision, release of fund and expenditure incurred under Plan and Non Plan on important sectors like education, health, nutrition, social forestry, solid waste management, sanitation, water and housing etc by Rural Management & Development Department. The above position still persists restricting audit in analyzing the progress of work done under these important sectors.



Audit however attempted to consolidate information on these based on available data and noticed that release of funds by various departments to the PRIs were not based on any sound rationale but as per their own discretion as would be noticed from following details.

**Table-1.5**

*Sector-wise total expenditure vis-à-vis allocation to PRIs*

*(Rupees in crore)*

Sector	2004-05		2005-06		2006-07		2007-08		2008-09	
	Total exp.	Allocation to PRI	Total exp.	Allocation to PRI	Total exp.	Allocation to PRI	Total exp.	Allocation to PRI	Total exp.	Allocation to PRI
Agriculture & allied services	26.20	0.11	28.59	0.13	32.38	0.16	46.09	2.31	62.18	1.59
HRDD	56.44	0.00	73.41	0.00	79.02	0.00	94.62	0.08	117.85	0.08
Health	22.57	0.10	15.45	0.20	15.49	0.20	27.22	3.00	29.20	2.00
RMDD	12.66	6.62	29.91	0.00	30.90	0.00	31.84	7.80	40.61	0.00
Total	117.87	6.83	147.36	0.43	157.79	0.36	199.77	13.19	249.84	3.67

Absence of sound basis for transfer of funds to the PRIs by the departments constrained the PRIs to gauge the extent of fund availability with them in any particular year restricting them to make any plan with foreseeable certainty. The planning at the PRI level was therefore totally on ad-hoc basis.

## 1.9 District Planning Committee

The 74<sup>th</sup> Amendment Act, 1992 of Constitution provides for the constitution of District Planning Committee (DPC) to consolidate the plans prepared by the Panchayat into the Draft Development plan for the district. The amendment also envisages active involvement of the people (beneficiaries / user group) in formulation of District Plan and implementation of scheme/maintenance of assets created.

Keeping in view the above provision, DPC was constituted in all the four districts w.e.f. 25 September 2003 with the Adhyaksha, Zilla Panchayat as the Chairman and the MPs, MLAs, and others as members with stipulation to consolidate and forward the development plan as recommended by the DPC to the State Government for consideration, approval and implementation.



Annual Plans were neither submitted by the GPs nor sought by the ZP and thus the consolidated district plan could not be prepared by the ZP except for Backward Region Grant Fund (BRGF) plan for 2009-10. Thus, the planning process for development duly reflecting the aspirations of the people at the grass root levels as envisaged in the 74th amendment was compromised.

Similarly, the District Technical Support Committee (DTSC) constituted (2008) with the District Collector as chairperson and the entire district level Heads of offices as ex-officio members for preparation of sector-wise perspectives plan for GP and ZP had neither prepared district perspective plan nor provided any technical inputs to the GP and ZP for formulation of plans as envisaged. DPC also had not taken any initiative for availing the benefits of expertise of DTSC.

Thus, planning process duly reflecting the needs and aspiration of people at grassroots through Gram Planning Forum, value addition at Block Development Officers and District Development Officers level and final consolidation by DPC after obtaining technical expertise from DTSC remained inoperative despite formation of Gram Planning Forum, DPC, DTSC, etc. This needs to be immediately revitalized and made functional and operative to avail the benefit of planned development.

### **1.10 Assets Management**

The Sikkim Panchayat Act, 1993 (under Section 130) envisages upon the PRI to maintain records for movable and immovable properties through maintaining Assets Register. Despite pointed out in the ATIR for the year 2005-07, there is no centralized system for accountal of value of assets created by the PRI. Out of 33 PRIs, test checked, 23 PRIs did not maintain moveable and immovable Assets registers duly reflecting moveable and immoveable properties (*Appendix – I*). Thus, year wise position of value of assets created could not be ascertained in audit. Further there was no record to establish the accountal of transferred assets and liabilities. Despite codal provision and observations made by audit for physical verification of assets, the PRIs were yet to introduce the system. Further, register of all immovable government property including land and building within the jurisdiction of PRIs were not maintained by any of the GPs test checked in Audit although mandated as per the Government notification (July 2003). As a result, consolidated information on the assets created / acquired was not available with the PRIs so as to ensure their safe custody and timely maintenance.



## 1.11 Internal control Mechanism

It is imperative on the part of GPs and ZPs to put in place an effective internal control mechanism for financial and budgetary management to ensure proper utilization of funds. Audit however noticed that the PRIs were not attaching adequate importance to this aspect as evidenced from the following:

### 1.11.1 *Non-submission of budget estimates*

Sikkim Panchayat Manual, 1993 (u/s 46) read with government notification (May 1998) envisaged preparation of budget by the GPs and checking of such budget estimates by the District Planning Officer (DPO).

It was noticed that neither the GPs had prepared their budget estimates as envisaged nor the DPO insisted the PRIs for submission of budget estimates to check the same and suggest corrective measures for optimal utilization of funds. Various departments of the State Government although required to transfer 10 *per cent* of the developmental funds to the PRIs had transferred very small amount of funds ranging between 1 and 2 *per cent* of the funds during the period 2007-09 as would be noticed from the figures mentioned in Table- 1.1 at para 1.5. Not only the funds were not released in full but were released at the fag end of the financial years. In absence of indication of quantum of funds likely to be received by the PRIs from various departments and the time frame for its receipts constrained the PRIs to prepare an effective plan with any degree of certainty.

### 1.11.2 *Maintenance of Accounts*

Sikkim Gram Panchayat Financial Rules 2004 [rule 7(1) & (2)] stipulated maintenance of various records such as (i) Cash Book, (ii) Monthly receipt and payment accounts, (iii) annual receipt and payment accounts, (iv) Monthly reconciliation statement, (v) Inventory register for moveable assets, (vi) Inventory register for immoveable assets, (vii) Advance Register, (viii) Dead stock Register, (ix) Stock Register, etc for proper depiction of accounts of the Gram Panchayat Funds.

Scrutiny of records in 61 GPs (*Appendix- II*) revealed that the basic records and registers as indicated above were not maintained properly as evidenced from following:

- ❑ Maintenance of cash books in 61 GPUs disclosed that (i) cash book balances were not certified in any of the GPUs by the President of the GPUs; (ii) details of the closing balances were not mentioned in case of 40 GPUs; (iii) none of the GPUs had reconciled the cash book balances with the balances maintained by the Banks.



- ❑ Advance registers were not maintained and thus neither the position of outstanding advances could be ascertained nor were the delays in adjustment of outstanding advances depicted in the accounts.
- ❑ Data base formats as suggested in the Simplified Accounting Formats were also not initiated by any of the GPs and the ZPs.
- ❑ Database formats on finances of PRIs and Simplified Accounting formats for PRI prescribed by C&AG were not adopted by any of the GPs and ZPs.
- ❑ 18 GPUs could not produce payees acknowledgement receipt for ₹15.88 lakh pertaining to 18 payees for the period 2005-06 and 2008-09 indicating that record management was poor.

### 1.12 Internal audit

There is no system of internal audit of GPs. The Accountant General, Sikkim conducts audit. The compliance report on the observations issued by Audit is to be sent within three months. Details of inspection reports issued by Accountant General (Audit), as on 31 March 2009 and awaiting settlement are given in Table No.1.6

*Table-1.6*

*Position of settlement of outstanding audit paragraphs during 2005-09*

Year	IR issued	Paragraph issued	Paragraph settled	Paragraph outstanding
Upto 2005-06	116	786	137	649
2006-07	67	320	09	311
2007-08	86	352	-	352
2008-09	56	234	-	234
Total	325	1692	146	1546



## CHAPTER-II

### PERFORMANCE AUDIT

#### 2.1 National Rural Employment Guarantee Act (NREGA)

*The National Rural Employment Guarantee Act, 2005 (NREGA), guaranteeing 100 days of employment in a year to the rural households, was initially (February 2006) implemented in North district and later extended to other three districts. Performance review of NREGA disclosed that the State Government provided employment to 52,006 (99%) rural households, appropriately maintained Application Registration Register in all the GP duly attaching the photographs of applicants, etc.*

*It however lacked in timely formulation of rules and constitution of SEGC, appointed full-time dedicated Programme Officers and Gram Rozgar Sevaks belatedly, panel of Accredited Engineers for assisting in estimation and measurement of works not constituted, etc. While the District Perspective Plan was prepared by North district alone that too was not revised as per the requirement of SREGS, annual planning process was not put in place leading to haphazard selection of work at Block level without considering labour budget. Execution of works was lax as administrative approval and technical sanction of works was not obtained in advance, worksite facilities (adequate drinking water, stores, crèche, etc) were only partially provided, wages-material ratio of 60:40 was not maintained; workers were neither paid the wages on time nor were paid compensation; etc. Separate district-wise Schedules of Rates (DSRs) specifically for NREGS works, exhaustive and detailed list of tasks required for undertaking works under REGS in different geomorphological conditions, etc were not prepared by the State Government leading to uneven distribution of manpower requirement. Monitoring of scheme required further strengthening as State-level inspection of works was not conducted, district level officials did not conduct mandatory 10 per cent inspection of the works and that of block level officials did not conduct 100 per cent inspection of the works.*



## HIGHLIGHTS

A total of 1.13 lakh rural households registered, 0.79 lakh demanded employment and 0.75 lakh households received employment with the total fund involvement of ₹ 56.53 crore during 2006-09 on execution of 1,869 works.

*Paragraph- 2.1.7.1*

The State Government formulated rules for carrying out the provisions of the NREG Act as late as June 2006 and did not prescribe the time frame for proposing, scrutinising and approving REGS works by GP, Block and District levels as of March 2009.

*Paragraph- 2.1.9.1*

The State Government constituted (June 2006) State Rural Employment Guarantee Commission recording a delay of nine months and designated (October 2007) Secretary, RM&DD as State Rural Employment Guarantee Commissioner after a delay of 16 months. This led to non- preparation of list of preferred works; Annual Reports for submission to the State Legislature; absence of review, monitoring and redressal mechanism; etc.

*Paragraph- 2.1.9.2*

While Technical Assistants were appointed, full-time dedicated Programme Officers and dedicated Gram Rozgar Sevaks were appointed belatedly in December 2008 and panel of Accredited Engineers for assisting with the estimation and measurement of work were also not constituted nor was the Technical Resource Support Group at State / District level set up as of March 2009.

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While the District Perspective Plan was not prepared except by North district, annual plans were not prepared by any of the GPs indicating lack of participation or inadequate participation by Gram Sabhas and Gram Panchayats in the planning process.

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The Government did not prepare (i) separate District-wise Schedules of Rates specifically for NREGS works, (ii) exhaustive and detailed list of tasks required for undertaking works under REGS in different geomorphological conditions, and (iii) the productivity norms for the District Schedule of Rates for each locale in such a way that seven hours of normal work earns minimum wages on a piece rate basis. This led to uneven distribution of manpower requirement.

*Paragraph- 2.1.12.3*



Payment of wages to workers was delayed from one day to four months in 76 cases amounting to ₹45.90 lakhs. Compensation for delayed payment of wages were not paid to workers.

*Paragraph-2.1.12.4*

It was noticed that social audit of the scheme was not conducted during 2006-07 and 2007-08. It started only from 2008-09. Non-conduct of social audit strikes at the root of the demand-driven bottom-up approach of NREGS.

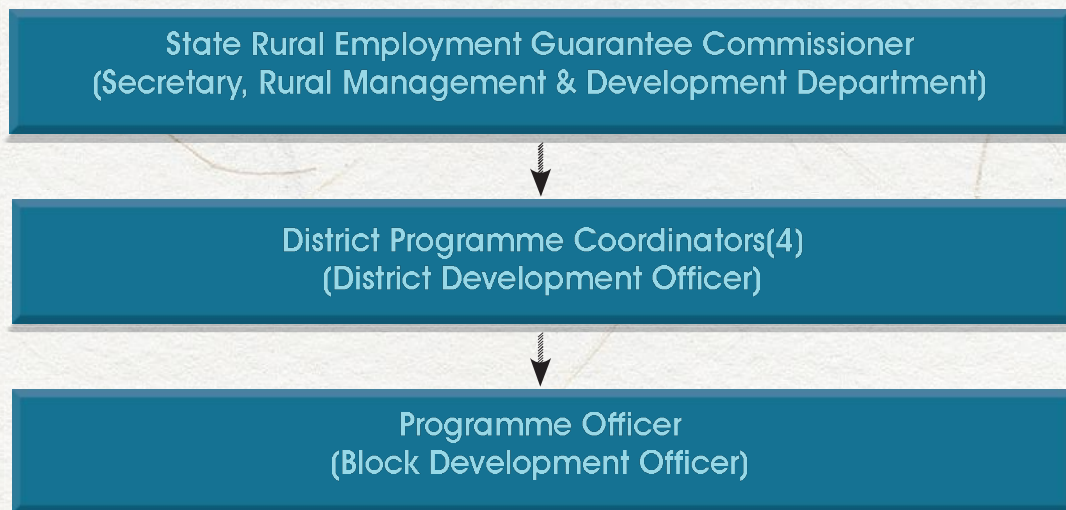
*Paragraph 2.1.14*

### 2.1.1 Introduction

The National Rural Employment Guarantee Act, 2005 (NREGA) is a centrally sponsored scheme which guarantees 100 days of employment in a year to rural household whose adult members are willing to do unskilled manual work. The basic objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment on demand. The Act requires every State to formulate a State Rural Employment Guarantee Scheme (REGS), which should conform to the minimum features specified under the Act. According to the Act, rural households have a right to register themselves with the local Gram Panchayats (GPs), and seek employment. Work is to be provided within 15 days from the date of demand, failing which the State Government will have to pay unemployment allowance at the stipulated rates. The scheme was initially implemented (February 2006) in North district of the State and later extended to other three districts (South- April 2007; East -April 2007; and West- September 2008).

### 2.1.2 Organisational Structure

The organizational structure for implementation of NREGA in the State is as follows:





Level	Authority	Functions & Responsibilities
Village	Gram Sabha	Recommendation, monitoring & Supervision and Social audit of works
	Gram Panchayat	Planning of works, registering households, issuing Jobcards ,allocating employments, and implementation of scheme.
Block	Programme officer	Scrutinising the proposals submitted by GPs for technical feasibility, ensuring execution of works as schedule, payment of wages to labour engaged and social audits.
District	Zilla Panchayat	Finalisation of district plan and monitoring &Supervision of SREGS in district.
	Distict Programme Coordinator	Consolidation of plans prepared for inclusion in shelf of projects, according approval and coordinating and supervising the performance of programme Officers and conducting periodical inspection of works in progress.
State	State Employment Guarantee Council	Advising the State Government regarding the implementation of the scheme, determining the preferred works, reviewing the monitoring and redressal mechanism and preparation of annual report to be laid before legislature.
	State Rural Employment Guarantee Commissioner	Overall supervision & monitoring of the implementation of the scheme in the state and to empanel reputed agencies to carry out impact assessment of the scheme.

### 2.1.3 Funding Pattern

The Government of India (GOI) has established a fund called the National Employment Guarantee Fund, from which grants are released directly to Districts. Revolving funds are to be set up under REGS at the District, Block and Gram Panchayat levels, with separate bank accounts being opened for such funds at each level.

At the State level, funds released by GOI are parked at State Rural Development Agency and subsequently transferred to NREGS account and thereafter allocated to District Development Officers for onward transmission to the PRIs through Block Development Officers.



### 2.1.4 Audit Objectives

The main audit objectives for the Performance Audit were to assess whether:

- ❑ Effective preparatory steps for planning, implementation and monitoring/evaluation of outcomes were taken by the State Government;
- ❑ The procedures for preparing perspective and annual plan at different levels for estimating the likely demand for work, and preparing a shelf of projects were adequate and effective;
- ❑ There was an effective process for registration of households, allotment of job cards, and allocation of employment in compliance with the guidelines;
- ❑ NREGA works were properly planned and executed in compliance with the Act and the guidelines, durable assets were created and properly accounted for;
- ❑ Wages and unemployment allowance were paid in accordance with the Act and the guidelines, and the intended objective of providing 100 days of annual employment at the specified wage rates was effectively achieved;
- ❑ Funds released for NREGA were accounted for, and utilized in compliance with the guidelines;
- ❑ There was an adequate and effective mechanism at different levels for monitoring and evaluation of NREGA outcomes; and
- ❑ There was an adequate and effective mechanism for social audit and grievance redressal.

### 2.1.5 Audit Criteria

The main sources of audit criteria for the performance audit were the following:

- ❑ The National Rural Employment Guarantee Act, 2005 (NREGA), and notifications issued thereunder;
- ❑ NREGA Operational Guidelines (2006); and
- ❑ Circulars and letters issued by the Ministry and the State Government.



## 2.1.6 Audit Scope, Sampling and Methodology

### *Audit Scope*

The scope of audit extended to all the four districts of the State covering a period of 1 to 3 years from February 2006 to March 2009. Field audit of the relevant records of the nodal department (Rural Management & Development Department) and District, Block and Panchayat level offices was conducted initially between February and April 2009. Subsequently, in order to assess the improvement in maintenance of records as a result of the performance audit, a limited scrutiny of record maintenance for one month during November – December 2009 was conducted covering 28 GPs in 4 districts from within the original audit sample.

### *Audit Sampling*

In each districts, 25 *per cent* of the blocks were chosen, in each block four Gram Panchayats (GPs) were chosen, and in each selected GP, four works (preferably three completed and one ongoing) were selected for detailed examination. Thus, records relating to four districts, six blocks within the sampled districts, and 24 GPs in the sampled blocks were selected on stratified random sampling method for detailed examination. Assets created under the scheme was also verified at random in test checked GPs and interviews with two beneficiaries on an average were conducted in each of the 24 selected GPs.

Details of the selected blocks and GPs are given in *Appendix –III*.

### *Audit Methodology*

The performance audit commenced with an entry conference with the Department in February 2009, wherein the audit methodology, scope, objectives and criteria were explained. After the conclusion of field audit, an exit conference was held with the Department headed by Additional Secretary (NREGS) in January 2010, where the draft audit findings and recommendations were discussed at length. In addition, exit conferences were also held in January 2010 with the DDOs where the district specific findings were discussed. The draft performance audit report was issued to the Department in January 2010, their response is awaited (October 2010).

## **Acknowledgement**

*Audit acknowledges the cooperation and assistance extended by the State Governments and their officials at various stages during conduct of the Performance Audit.*



## 2.1.7 Physical and Financial Performance

### 2.1.7.1 Physical Performance

During the year 2006-09, 1.13 lakh rural households had registered under the scheme and 0.79 lakh households had demanded employment under the scheme, of which 0.75 lakh households received employment. District -wise details of physical performance reported by Department are given below:

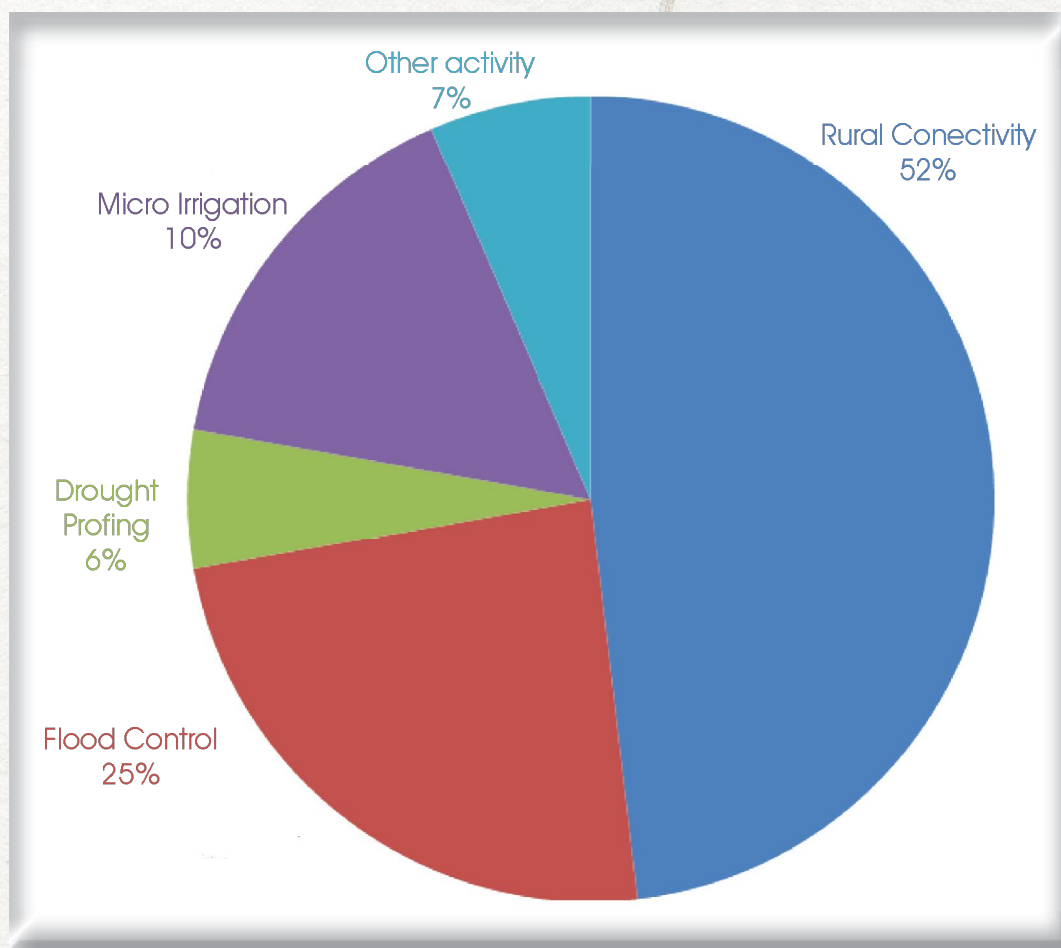
#### Status of implementation of NREGS in Sikkim

Status	2006-07	2007-08	2008-09
<b>Districts under NREGA</b>	<b>North</b>	<b>North, East and South</b>	<b>North, East, South and West</b>
No. of Blocks	4	18	24
No. of Gram Panchayats	23	110	163
No. of Job cards Issued	4,498	30,907	77,112
Household Demanded	4,179	21,773	52,554
Households Employed	4,107 (98%)	19,664 (90%)	52,006 (99%)
Persondays Generated	2,42,000	8,59,738	26,33,591
No. of Works Taken up	159	514	1,196
No. of Works Completed	103 (65%)	201 (39%)	564 (47 %)
No. of Works Ongoing	56	313	632
Total Funds Available	4.56 Crore	14.32 Crore	47.63 Crore
Total Expenditure	2.75 Crore	12.34 Crore	41.44 Crore

*2.1.7.2 Status of various categories of work taken up under NREGS for the period 2006-07 to 2008-09 is shown below:*

Nature of Works taken up	North	East	South	Total	% of Total
Rural Connectivity	88	77	101	266	52
Flood Control and Protection/ Water Conservation and Water Harvesting	102	26	3	131	25
Drought Proofing/ Land Development	14	14	2	30	6
Micro Irrigation Works / Provision of Irrigation Facility in Private Land	36	13	3	52	10
Renovation of Traditional Water Bodies/ Any other activity approved by MoRD	2	7	26	35	7
<b>Total</b>	<b>242</b>	<b>137</b>	<b>135</b>	<b>514</b>	<b>100</b>

**Graphical representation of various types of works undertaken by NREGS is given below:**



Audit also noticed that detailed list stating sector-wise number of completed projects, percentage of completion of ongoing projects etc were neither maintained at the PRIs level nor the Block, District and the administrative Department level.

### **2.1.7.3 Financial Performance**

The total financial assistance provided by the GoI to the State up to 31 March 2009 and State share including Misc receipt was ₹ 59.99 crore (Central Share of ₹ 55.73 crore, State Share of ₹ 2.90 crore and Miscellaneous Receipts of ₹ 1.36 crore). Of this, the State Governments utilized ₹ 55.91 crore (93 *per cent*), as detailed in **Appendix-IV**.



## 2.1.8 Fund Management

### 2.1.8.1 General

The GoI releases funds through the National Employment Guarantee Fund directly to districts. State Governments are required to set up revolving funds at the District, Block and GP levels. State share of funds should be released within 15 days of the release of the Central funds. The State Government should design a complete Financial Management System for the transfer and use of funds, for ensuring transparency and accountability. Separate bank accounts for funds under the Scheme should be opened at the District, Block and GP levels. After utilizing 60 *per cent* of the earlier funds released, the DPC may apply for the next installment, along with Utilisation Certificate (UC), certificate regarding receipt of State Share etc. Similarly, the PO will be eligible for the next installment after utilizing 60 *per cent* of available funds. Likewise, after 60 *per cent* of the allocation given to a GP has been spent, the GP may apply to the PO for release of additional funds, with a statement of work-wise expenditure and the report of the Vigilance and Monitoring Committee (VMC) approved by the Gram Sabha. Monthly squaring of accounts – verifying that all money released under NREGA is accounted for under (a) bank balance (b) advances (c) expenditure vouchers – should be introduced.

### *Audit noticed the following:*

- ❑ The State share was not released within 15 days of the release of the central share – the delay ranged between 20 and 25 days.
- ❑ While demanding additional funds all 28 GPs (4 district) did not furnish the report of the VMC duly approved by the Gram Sabha.
- ❑ All 28 test checked GPs (4 districts) had spent funds on REGS without obtaining administrative approval and technical sanction.
- ❑ Monthly squaring of accounts under three heads viz. Money held in bank accounts at various levels, advances to implementing or payment agencies, and vouchers of actual expenses was not done by all test checked GPs (4 districts).
- ❑ Cash Books were not maintained in prescribed form as the entries made in CB were not attested by PO; Receipt in form of interest and miscellaneous were not shown on receipt side of CB; payment such as bank commission etc were not shown on expenditure side of CB; monthly reconciliation with Bank was not done to check the actual cash balance; separate account in cash book were not kept for Work expenses and Administrative expenses; and Receipt entry in cash book were not done on the date of credit made in the account by bank.



- ❑ Flow of fund to GP and block were not smooth and was rather a complicated and time consuming one.
- ❑ MR bill was to be certified by PO (BDO) who was not able to inspect the work frequently and hence his certificate on MR bill was meaningless and happening to pass the sole responsibility of Panchayat to PO in case of any default. The process was also causing delay in payment of MR. Further, at DDO level material purchase were made or decided whereas DDO was not aware of quantity and period of material requirement. It was PO who in the right position to decide and supply material as per the need. This resulted in delay in completion of work.
- ❑ The balance fund of ₹ 79.80 lakh in SGRY account was not transferred by 5 GPs (out of 15 GPs checked) to NREGS as of September 2009 against the norms stipulated in the NREGS guidelines. Instead, the GPs incurred the amount between April 2008 and April 2009 which was irregular and indicative of absence of proper financial management.

### **Recommendation**

*Fund as per need may be transferred to BDO who may pass wage payment to GPU for ensuring timely wages payment. Material payment may be decided at Block level for timely supply of materials at site.*

## **2.1.9 Resource support and framing of rules**

### **2.1.9.1 Framing of Rules and Rural Employment Guarantee Scheme (REGS)**

The Act envisaged upon the State Government to make rules for carrying out the provisions of the Act. The Rules, *inter - alia*, were to determine the grievance redressal mechanism at the block level and the district level and procedure to be followed in such matter, lay down the terms and conditions to determine the eligibility for unemployment allowance, and provide for the manner of maintaining books of account of employment of labourer and the expenditure. Further, NREGA Operational Guidelines stipulated prescription of time frame by the State Government for proposing, scrutinizing, and approving REGS works by GP, block and district levels.

Audit noticed that the State Government formulated rules for carrying out the provisions of the Act as late as June 2006 and did not prescribe the time frame for proposing, scrutinising and approving REGS works by GP, Block and District levels as of March 2009.

In the absence of defined time frames at GP, Block and District levels for proposing,



scrutinizing and approving REGS works, there might be difficulty in ensuring a shelf of projects in advance, which could adversely impact provision of employment on demand.

### **Recommendations**

*The State Governments should formulate detailed rules for the implementation of the Act, and also specify time frames at different levels for proposing, scrutinizing and approving REGS works.*

#### **2.1.9.2 State Employment Guarantee Council (SEGC) and Employment Guarantee Commissioner (EGC)**

The Act stipulates (i) setting up of a State Employment Guarantee Council (SEGC) for deciding on the “preferred works” under REGS and preparation of Annual Report on REGS for presentation to the State Legislature; and (ii) designate an officer, not below the rank of a Commissioner, as the State Rural Employment Guarantee Commissioner for fulfilment of the objectives of the Act.

The State Government constituted SEGC as late as June 2006 recording a delay of nine months after enactment of the NREG Act. Similarly, Secretary, RMDD was designated as State Rural Employment Guarantee Commissioner during October 2007 by the State Government recording a delay of 16 months from formation (June 2006) of SREGS and the first meeting was held in May 2008.

Delayed setting up of SREGC led to non- preparation of (i) list of “preferred works” to be implemented under the Scheme; (ii) Annual Reports for submission to the State Legislature; (iii) absence of review, monitoring and redressal mechanism and non monitoring of implementation of SREGS; and (iv) non- conducting of district wise studies.

#### **2.1.9.3 Preparation of Annual Plan & Labour Budget**

Guidelines envisaged that the annual planning process for the next financial year should be completed by the December end every year, including approval of the plan by the Zilla Panchayat. The District Programme Coordinator shall prepare a labour budget for the next financial year containing the details of the anticipative demand for unskilled manual work in the district, which shall be the basis for the planning.

No steps were taken by the Zilla Panchayat towards preparation of annual planning process in time. In test check of South District annual planning process for 2008-09 was done as late as February 2009 i.e. after a gap of 14 months when work were taken up by Block level on random selection basis without considering labour budget resulted in pending liability for next financial year.



#### 2.1.9.4 *Resource support*

NREGA, its Operational Guidelines and other circulars issued by the Ministry *inter-alia* envisaged appointment of (i) full-time dedicated Programme Officer (PO), not below the rank of Block Development Officer (BDO), in each Block, with necessary supporting staff for facilitating implementation of the Scheme at Block level; (ii) “Employment Guarantee Assistant” (EGAs) or “Gram Rozgar Sevak” (GRSs) in each GP; (iii) technical assistant for every 10 Gram Panchayats; (iv) panels of accredited engineers at the District and Block levels for the purpose of assisting with the estimation and measurement of works; and (v) Technical Resource Support Groups at the State and District levels to assist in the planning, designing, monitoring, evaluation and quality audit of various initiatives.

Audit noticed that while Technical Assistants were appointed, full-time dedicated Programme Officers (POs) in 24 test checked blocks and dedicated Gram Rozgar Sevaks in 28 test checked GPs were appointed after December 2008. The existing Block Development Officers (BDOs) were appointed as POs and given the additional charge of the Scheme. A panel of Accredited Engineers for the purpose of assisting with the estimation and measurement of work were also neither constituted nor was the Technical Resource Support Group at State / District level set up as of March 2009. Thus, absence of suitable manpower affected the monitoring of the implementation of the scheme as envisaged in the NREGS guidelines.

#### **Recommendation**

*State Government should assess the staffing requirement for implementation of NREGA, and accordingly take steps to address the gaps, if any. The State Government should particularly consider appointing full-time POs at each Block, with adequate supporting staff and EGAs for each GP.*

### 2.1.10 **Perspective and Annual Plan**

#### 2.1.10.1 *District Perspective Plan (DPP)*

The NREGA Operational Guidelines stipulate the preparation of a five year District Perspective Plan (DPP) to facilitate advance planning and provide a development perspective for the District. The aim is to identify the types of REGS works to be encouraged in the district, and the potential linkages between these works and long term employment generation and sustained development. Accordingly, the State Government also reiterated (June 2006) for preparation of five year Perspective Plan by each district duly incorporating the estimate for the need of the employment and the kind of works that can be taken up to meet the need through a participatory process of planning that has the Gram Sabha as its basic unit. Then planning should



have the bench marking and key indicators for success. The notification further stipulated that for the plan prepared under National Food for Work Programme (NFFWP) should be revised to suit the requirement of NREGA.

Audit scrutiny revealed that although the Department claimed that the DPP had been prepared, no such plans could be seen during the audit. Only North district had prepared DPP under NFFWP at a cost of ₹ 7.30 lakh which however was not revised as per the requirement of State Rural Employment Guarantee Scheme.

#### **2.1.10.2 Annual Plans**

The Annual Plan is a working plan that identifies the activities to be taken up on priority basis in a year. This Annual Plan should indicate the existing demand for work, demand in the previous year, works taken up in the previous year, ongoing works, proposed costs, likely costs and proposed implementing agencies. The District Planning Committee would scrutinize the plan proposals of all GPs, and consolidate them into a District Plan proposal with a blockwise shelf of projects (arranged GP-wise).

Scrutiny of records in 28 GPs<sup>3</sup> revealed that annual plans were not prepared by any of the GPs. In absence of documented Annual Plans, there would be no shelf of projects for timely approval, thus adversely affecting the ability to meet demand for employment. Lack of participation or inadequate participation by Gram Sabhas, and Gram Panchayats in the planning process vitiated the process of people's participation, transparency and accountability, and also adversely affects the creation of productive assets benefiting the local community.

#### **Recommendation**

*All Districts must be directed to ensure preparation of Annual Plans at the GP level to be consolidated at the Block and District levels. To simplify the workload at the GP level, the Annual Plan at the GP level could be limited to identifying works and estimating labour demand, with estimation of likely costs etc. being indicated at the PO's level.*

#### **2.1.11 Registration and Issue of Job Cards**

NREGA Operational Guidelines enjoins upon rural households to register themselves and obtain a job card before demanding employment under REGS. The process of verification should be completed and the Job cards issued within a fortnight of receipt of the application. Door-to-door survey may also be undertaken to identify persons willing to register under the Act.

<sup>3</sup> GPs ( 8- East; 4 - North; and 8 each in South and West District).



Scrutiny of records revealed that an introductory Gram Sabha meeting as required under the NREG Act was belatedly convened in 28 GPs test checked in Audit recording a delay of 75 to 150 days and consequent delay in execution of work. Door-to-door survey to identify persons willing to register was also not conducted in any of the 28 GPs nor the job cards were issued within 15 days of application for registration in case of 24 GPs. Job cards neither indicated telephone number of DPC, PO and other grievance redressal authority nor information on right to work was printed on the back side of job card as required under NREGS guidelines.

### Recommendation

*State Government should take steps to provide adequate publicity to the programme and persuade as many BPL households as possible to register under NREGA.*

## 2.1.12 Execution of Works

### 2.1.12.1 General

NREG Act and Operational Guidelines stipulates obtaining of administrative and technical sanction for all works in advance by December of the previous year; provision of worksite facilities (medical aid, drinking water, shade, crèche, etc); wage material costs in the ratio 60:40; etc.

Audit scrutiny in 28 GPs revealed that the NREGS fund was spent mainly towards rural connectivity through construction of Cement Concrete Footpath, Jhora training works, bench terracing, minor irrigation etc. as shown below:



Footpaths aid in rural connectivity - CCFP in Ralang GPU, South Sikkim



Village road to aid in rural connectivity at Jarong, South Sikkim





Creation of school playground



Terracing of barren land to improve cultivable areas



Minor Irrigation Channel to increase productivity of land at Aritar GPU in East Sikkim



Developing rocky wasteland to improve productivity of land in Makha GPU, East Sikkim

Scrutiny of works expenditure revealed that the wages-material ratio of 60:40 was neither maintained at the district level nor the block level (28 GPs). Administrative approval and technical sanction of works was not obtained in advance in any of the 28 GPs in the State; and worksite facilities such as adequate drinking water, stores, crèche, etc. were only partially provided in all the districts in the State.

#### ***2.1.12.2 Non deployment of labour to convert material cost to labour cost***

Works taken up under NREGS such as CC footpath, Jhora training were capital intensive. Audit analysis of cost involvement for the execution of works revealed that the Block Development Office purchased stone chips for use in the works amounting to ₹25.16 lakhs involving 16 *per cent* of total expenditure on materials. Instead of procuring stone chips, the Block Development Officers could have procured stone and used the manpower for converting it into stone chips which could have generated employment for the villagers.

### **Recommendation**

*State Government should ensure compliance with the 60:40 ratio of wages: material costs.*



### **2.1.12.3 District Schedule of Rates**

The NREGA operational guidelines stipulate preparation of District Schedules of Rates (DSRs) for each district; exhaustive and detailed list of tasks required for undertaking works under REGS in different geomorphological conditions; description of daily work requirements to facilitate the fulfillment of productivity norms.

Audit noticed that the Government did not prepare (i) separate District-wise Schedules of Rates (DSRs) specifically for NREGS works, (ii) exhaustive and detailed list of tasks required for undertaking works under REGS in different geomorphological conditions, and (iii) the productivity norms for the District Schedule of Rates (DSRs) for each locale in such a way that seven hours of normal work earns minimum wages on a piece rate basis. This led to uneven distribution of manpower requirement. The works were hampered due to delay in supply of materials as the fund were utilized to meet the cost of wage payment as the mandays required in the work were increased due to engagement of lesser efficient and inexperienced workers. In order to meet the cost, non-stock material such as stone were extracted from work site ignoring the direction of Forest where it is clearly mentioned that stone should be quarried from quarry side and not from any other place.

### **Recommendation**

*The State Government should ensure preparation of separate District-wise Schedules of Rates for NREGA, fixing of productivity norms for tasks in different geomorphologic conditions.*

### **2.1.12.4 Payment of wages**

Every person working under REGS is entitled to wages at the minimum wage rate fixed by the State Government which should be paid on time. In case of delay beyond 15 days, compensation as per the provisions of the Payment of Wages Act, 1936 should be given to the workers.

Audit noticed that in all GPs test checked in Audit, workers were neither paid wages on time i.e. within a fortnight of execution of work nor compensation was paid to them. The delay in payment of wages ranged between one day and four months in 76 cases amounting to ₹ 45.90 lakhs. Delay in payment of wages was not only against the guidelines but also defeated the scheme objective of providing livelihood security.



### 2.1.12.5 Unemployment Allowance

Under NREGA, the State Government is required to provide employment to a registered applicant within 15 days of demand, failing which unemployment allowance at stipulated rates is payable from State Government funds.

Dated receipt of applications for demand for work were not shown in any of the 28 test checked GPs as a result delay if any in providing employment to them within 15 days could not be worked out. Employment registers were not maintained as enshrined in the guidelines (paragraph 8.8.1) in any of the 28 GPs or in the Block offices to indicate the number of days for which employment were provided to households.

#### Recommendation

*Undated applications and non-maintenance of employment registers leads to a situation where the right to unemployment allowance cannot be verified defeating the very purpose of the Act to provide employment guarantee. Record maintenance at GP level needs to be given serious priority.*

## 2.1.13 Record Maintenance and Reports

### 2.1.13.1 Maintenance of Registers at GP and Block Levels

Maintenance of records under NREGA is critical to ensure verifiable compliance with the legal guarantee of 100 days of employment on demand and payment of unemployment allowance. The NREGA Operational Guidelines have specified details of records and registers to be maintained at different levels such as (i) Application Registration Register to record applications/ requests for registration of households; (ii) Job Card Register to record details of job cards issued to households; (iii) Employment Register to record details of employment demanded, employment allotted and employment actually taken up by each households; (iv) Asset Register to record all works sanctioned, executed and completed; (v) Muster Rolls for recording attendance and payment of wages for individual works; (vi) MR Issue/ Receipt Registers for issue and receipt of Muster Rolls (from the PO to the GP/ implementing agency); and (vii) complaint Register for recording details of complaints made, and action taken.

Audit noticed that the Application Registration Register was maintained in all the 28 GPs in the State, the photographs of applicants were found attached to the job cards, as per the job card register. However, the Job Card Register and Employment Register were not maintained properly. While the job card register did not contain details of the members of household who have been issued job cards; Employment



Register did not indicate the details of employment demanded, employment allotted and employment actually taken up, dated receipts of applications for demand for work were not given to the applicants. The applications for employment did not have the job card registration number, date from which employment was required, and the number of days of employment required. The Asset Registers were either not maintained or were maintained partially.

Similarly at Block level also employment Register was not maintained/ prepared in 7 test checked block offices in the State (4 districts).

#### **2.1.13.2 Reports**

The NREGA Operational Guidelines require that procedures be framed to ensure that data on work requested and allotted by the PO and GP are properly maintained and information on employment allotments shared between the PO and GP on a weekly basis.

In all 7 test checked blocks of State (4 districts) information on employment allotments was shared between the PO and GP on monthly basis instead of weekly basis.

### **2.1.14 Social Audits, Transparency and Grievance Redressal**

NREGA gives a central role to “social audits” as a means of continuous public vigilance. The Guidelines indicate two types of social audit of (i) Periodic assemblies in the Gram Sabha for scrutinizing details of projects (which is referred to as “Social Audit Forum”); and (ii) Social audit as a continuous process of public vigilance involving potential beneficiaries and other stakeholders, which covers verification of 11 stages of implementation right from registration of families to evaluation and the Social Audit Forum. Updated data on demand received, registration, number of job cards issued, list of people who demanded and had been given/ not given employment, funds received and spent, payments made, works sanctioned and works started, cost of works and details of expenditure on it, duration of work, person-days generated, reports of local communities and copies of muster roll should be made available in a predesigned format outside offices of all agencies involved in implementing REGS. Social Audit Forums must be held twice a year at the Gram Sabha level for all works done in the preceding year.

#### ***Audit noticed following:***

- ☐ In all 28 test checked GPs in the State (4 districts), a Gram Sabha once in every six months to conduct a Social Audit Forum was not held.



- ❑ The updated data on demand received, registration, number of job cards issued, list of people who demanded and been given/ not given employment, funds received and spent, payments made, works sanctioned and works started, cost of works and details of expenditure on it, duration of work, person-days generated, reports of local communities and copies of muster rolls were not made public in all 28 test checked GPs in the State (4 districts).
- ❑ The POs were required to convene the social audit at Gram Sabhas. It was however noticed that social audit of the scheme was not conducted during 2006-07 & 2007-08. It started only from 2008-09. Non-conduct of social audit strikes at the root of the demand-driven bottom-up approach of NREGS.

### **Recommendation**

*Social audit and Social Audit Forum in Gram Sabha are important means of ensuring transparency and accountability at the GP level. The State Government should ensure conduct of Social Audits Forum in all Gram Sabhas twice a year duly involving suitable persons in the Social audit team.*

#### **2.1.15 Monitoring**

*NREGA Operational Guidelines stipulate the following procedures for monitoring and reporting:*

- ❑ Block-level officials shall inspect 100 *per cent* of works every year, District-level officials 10 *per cent* of works, and State level officials 2 *per cent* of works.
- ❑ Financial audit of all districts is mandatory.
- ❑ District Internal Audit Cells shall be constituted to scrutinize the reports of the Gram Sabhas.



*Audit noticed following:*

- ☐ State-level inspection of works was not conducted, or documented in respect of the State (4 Districts.).
- ☐ In 4 districts in the State, the district level officials did not conduct 10 *per cent* inspection of the works.
- ☐ In 7 test checked blocks in the State (4 districts), the block level officials did not conduct 100 *per cent* inspection of the works.
- ☐ Financial audit was not carried out in 4 districts in the State.
- ☐ In all district, District Internal Audit Cells were not constituted.
- ☐ Both State and District Quality Monitors had not been designated by the State Government.
- ☐ The Government of Sikkim had not issued instructions to constitute District Internal Audit Cells and conduct financial audit periodically.
- ☐ The Government of Sikkim had now initiated the process of designating District and State level Quality Monitors.

**Recommendation**

*State Government should assign responsibility to different levels of officials for ensuring requisite level of inspection at various level.*



## CHAPTER – III

### AUDIT FINDINGS – DRAFT PARAGRAPH

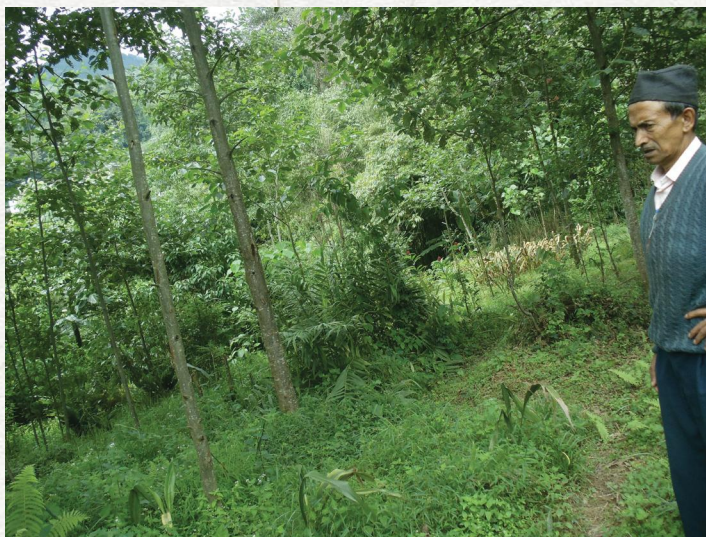
#### 3.1 Infertuous expenditure on setting up of Herbal garden and Smriti Van

Despite recurring expenditure of ₹ 13.31 lakh towards maintenance (₹ 11.73 lakh) and lease rent (₹ 1.58 lakh) of the herbal gardens during the period 2004-05 to 2008-09, no production were generated leading to infertuous expenditure of ₹ 37 lakh on its creation.

The State Government (Rural Management & Development Department) approved (2003-04) establishment of herbal gardens in each of the GPs and accordingly earmarked ₹ 1 lakh for the purpose of setting up of herbal gardens in each of GPs out of sectoral grant of ₹ 10 lakh. The objective of herbal gardens were utilization of medicinal herbs for village public and to meet the sustainable need of the local traditional fold healer being practiced in the village.

Accordingly, herbal gardens were set up (2004-05) in each GPs involving a total cost of ₹ 166 lakh with the technical expertise and supervision of the Forest Department. According to the type of medicinal plants planted in the gardens, the production would commence after 3 to 4 years of plantation and would generate product to meet the objectives.

Audit check (September 2008 to January 2009) of 37 GPs (as detailed in *Appendix-V*) involving three<sup>4</sup> districts revealed that while in 50 per cent cases herbal gardens were created in the private land holdings on 3 to 5 years lease basis, no production was generated from the



Defunct Herbal Garden of Soreng Gram  
Panchayat Unit under Soreng BAC

<sup>4</sup>East (22 GPs), West (10 GPs) and South (5 GPs).



herbal gardens as yet even after five years of creation of herbal gardens as shown in the photograph below:



*Defunct Herbal Garden of Upper Fambong Gram Panchayat Unit under Daramdin BAC*



This was despite the fact that recurring expenditure of ₹13.31 lakh towards maintenance ( ₹11.73 lakh) and lease rent ( ₹1.58 lakh) of the herbal gardens were incurred by the GPs during the period 2004-05 to 2007-08. Besides, 22 GPs in East district incurred ₹ 2.88 lakh towards procurement of stationery from the inbuilt component of four *per cent* contingency in the sanctioned estimate of the herbal garden against the provision of Sikkim Public Works Code as the contingency provision was meant for watch and ward and other unforeseen expenditure in connection with the work.

Audit analysis revealed that the herbal gardens failed to generate yield in absence of proper maintenance, herbal gardens in 50 *per cent* cases were created in private land holding on lease basis for three years without any documentary evidence, which was abandoned after expiry of lease period, and soil testing not carried out to ensure suitability of the available land for the herbal gardens.

Thus, not only the recurring expenditure of ₹13.31 lakh on maintenance of 37 herbal gardens were unfruitful even the capital cost of ₹37 lakh on creation of these gardens were infructuous.

The matter was reported to the department (August 2009). No reply received (May 2010).

### **3.2 Unauthorised release of loan to Self-Help Group and non-realisation thereof**

The action of the Gram Panchayats to sanction and release loan to Self Help Groups (SHGs) was not only against the norms but also did not lead to any fruitful utilization of funds as the activities undertaken by the SHGs were not yielding any result. The loan was also not refunded by the SHGs despite undertaking to refund within 12 months.

Under Micro Plan 2006-07, State Government sanctioned ₹10 lakh to each of the GPs towards Developmental Fund duly earmarking allocations for various sectors such as Infrastructure (35%), productive sector (35%), Social sector (20%) and Administration and miscellaneous (10%) for the GPUs not implementing Total Sanitation Programme (TSC). Similarly, GPs implementing TSC programme, while 50 *per cent* of the Micro-plan was to be incurred towards TSC programme and remaining 50 *per cent* was to be utilized towards Infrastructure (15%), productive sector (15%), Social sector (10%) and Administration and miscellaneous sector (10%) sector. The instructions (April 2006) of the Government (Rural Management & Development Department) for the GPs not implementing TSC programme, earmarked allocation of 15% of the Productive sectors were to be utilized towards



operation and maintenance of old schemes/ programmes such as Smriti Van, herbal garden with a view to sustain the already established and existing infrastructure. The guidelines specifically forbade taking up of new schemes/ programmes out of this allocation.

Audit scrutiny revealed that out of the Productive sector allocations of ₹30 lakh, ₹ 17.58 lakh was incurred by 11 GPs towards releasing loans to the Self Help Groups for undertaking variety of trades for income generation such as piggery/ Goatry/Poultry/ Diary unit (21 SHGs ₹6.21 lakh), Ginger/Chilly (66 SHG – ₹8.47 lakh), Potato (2 SHG – ₹0.30 lakh) and Gin-Floriculture/Traditional item/Paper production (8 SHG – ₹ 2.60 lakh) as detailed in *Appendix -VI*. This was released after taking a resolution in the respective gram sabha with stipulation to realize the loan after twelve months of release.

Audit analysis revealed that the grant of loans to the SHGs was not only in violation of the directions issued by the State Government on utilization of micro plan but neither any condition for repayment/penalty was included in project report nor any agreement drawn. The loan was also not refunded by the SHGs even after a lapse of 3 years as of December 2009. The Gram Panchayat had not kept any trace of the functioning or the otherwise of the SHGs after releasing loan to them. No semblance of monitoring of the schemes by the SHGs was evident from the records. Although the loans were ostensibly given based on the viability of the project proposals submitted by the SHGs, the checking at GP level was lax as none of the SHGs were engaged in the trade and had not even refunded the loan of ₹16.58 lakh.

Notwithstanding the fact that a number of schemes/ programme especially smriti van, herbal garden etc were established and were in need of maintenance, the GP ignored these activities and chose to incur the fund towards releasing loan to SHGs which was not followed by regular monitoring. The action of the GP was thus not only against the norms but also did not lead to any fruitful utilization of funds as the activities undertaken by the SHGs were not yielding any result. The loan was also not refunded by the SHGs despite undertaking to refund within 12 months.

### 3.3 Diversion of fund from Development grants

Diversion of fund from Developmental grants was not only irregular but also in effect compromised the development envisaged in the executive committee meeting of North ZP especially in the arena of micro sector as evident from their annual action plans of the district.

The State Government *through Rural Management & Development Department* provided for Micro plan funds to each of the GPs and ZPs with the objective of bringing about development in various sector through Creation of Assets, Rural



enterprise for income generation/supplementation, Skill up-gradation programmes, etc. Accordingly, a total of ₹ 2 crore was released by the Rural Management Development Department to 4 ZP of East, West, South and North districts during the period 2005-06.

Audit noticed that out of ₹ 50 lakh granted by RMD Department to ZP of North district during 2005-06, the ZP diverted (December 2006) ₹ 6.08 lakh towards procuring a vehicle (Bolero) for the use of Zilla Adhyaksha. The above amount was in fact diverted from earmarked fund of infrastructure development *in Rural enterprise for income generation/supplementation sector* by the Adhyaksha, ZP on the plea that there was no need to develop or carry out any work in infrastructure sector. This was however misleading as in the subsequent year, ZP in its executive committee meeting decided (2007-08) for developing and execution of works relating to infrastructure under rural enterprise for income generation/supplementation sector and also incurred ₹ 4.83 lakh towards interpretation centre at Pentok, Mangan.

Thus, the diversion was not only irregular but also in effect compromised the development envisaged in the executive committee meeting of North ZP especially in the arena of micro sector as evident from their annual action plans of the district.

### **3.4 Unfruitful expenditure of ₹3.18 lakh on establishment of pickle production unit**

Even after incurring expenditure of ₹ 3.25 lakh none of the pickle production unit were established let alone productivity and income generation of ₹3.18 lakh per annum as envisaged in the project report.

The North ZP decided to establish pickle production unit in Zongu at an estimated cost of ₹ 3.25 lakh with an objective to make the youth self reliant and self employed.

On approval of ZP, the pickle production unit was established in one GPUs (Zongu) between May 2007 to June 2007 at a cost of ₹ 2.60 lakh. Besides, 36 people from one GP were also imparted training by technical experts from Sikkim Food Preservation Factory, Singtam and Community Food and Nutrition Extension Unit, Arithang Gangtok between May 2007 and June 2007 involving a cost of ₹ 0.65 lakh.

Audit noticed that the objective of establishment of pickle production unit was not achieved even after incurring ₹ 3.25 lakh as none of the unit was functional as of June 2009.

It was noticed during audit (February 2009) that the ZP had not devised any modality for operationalisation of unit as no committee was formed to run and



manage the unit, no backward forward linkages were established to enable them procure good quality raw materials at economical rates and market their finished products, monitoring mechanism to ensure that the trainees adopted the trade as their vocation, etc.

Selection process for identification of suitable candidates for training was also faulty as interest of the candidates in the trade, their aptitude for taking up the pickle production as their venture etc was not ensured.

Thus, even after incurring expenditure of ₹3.25 lakh none of the production unit was established let alone productivity and income generation of ₹3.18 lakh per annum as envisaged in the project report.

### 3.5 Unauthorized payment of food grains to suppliers under SGRY

GPs issued 201.56 qtl rice (valuing ₹2.52 lakh at FCI rate and ₹1.78 lakh at subsidised rate) to the suppliers in lieu of material supplied. This was not only unauthorized as per SGRY guidelines but also led to a diversion of rice from wage component to material component and loss to GPs of ₹0.74 lakh.

SGRY guidelines (para 6.1.5) stipulated execution of labour intensive works with a view to provide wage employment and also allotment of rice to the beneficiaries at subsidized rate under wage component to protect the real wage of workers and improving the nutritional standard of the families of the rural poor. For execution of works under SGRY, the State Government *through Rural Management & Development Department* fixed labour and material component ratio to 60: 40.

Scrutiny of records of six GPUs under West district revealed that out of 10,612 qtl of rice allotted (2005-06) by Rural Management and Development Department for issue to the beneficiaries under wage component of SGRY, the GPs issued 201.56 qtl rice (valuing ₹2.52<sup>5</sup> lakh at FCI rate and ₹1.78 lakh<sup>6</sup> at subsidised rate) to the suppliers in lieu of material supplied. This was not only unauthorized as per guidelines but also led to a diversion of rice from wage component to material component and loss to GPs of ₹0.74 lakh<sup>7</sup>.

<sup>5</sup> ₹1250 per qtl. X 201.56 qtl. of rice issued = ₹2.52 lakh

<sup>6</sup> ₹885 per qntl X 201.56 qntl of rice issued = ₹1.78 lakh.

<sup>7</sup> Difference between 5 and 6 = ₹0.74 lakh



### 3.6 Irregular implementation of Backward Region Grant Fund

The implementation of BRGF fund by West district ZP was characterized by absence of fair competition and wide publicity involving ₹ 2.65 crore. The works were not completed despite release of funds of ₹ 1.54 crore by RMDD – the progress ranging between 60 and 75 per cent as of September 2009.

The Backward Regions Grant Fund (BRGF) is designed to redress regional imbalances in development. The fund aims to supplement and converge existing developmental inflows into identified districts, so as to (i) bridge critical gaps in local infrastructure and other development requirements that are not being adequately met through existing inflows; (ii) strengthen Panchayat and Municipality level governance with capacity building to facilitate participatory planning, decision making, implementation and monitoring; (iii) provide professional support to local bodies for planning, implementation and monitoring their plans; (iv) improve the performance and delivery of critical functions assigned to Panchayats.

Government of India created BRGF fund by replacing Rashtriya Sam Vikas Yojana. A total of 111 districts identified by the States concerned were approved by GOI for implementation of BRGF. Accordingly, for the state of Sikkim, **North district** was selected for implementation of BRGF.

A total of ₹12.97 crore was sanctioned (June 2007) by GOI to the State Government. ZP (West) was allotted (2007-08) ₹ 2.86 crore towards construction of steel foot bridges (8), of which ₹ 1.54 crore was released (March 2008) after deducting ₹ 1.32 crore by RMDD for supply of bridge parts. According to the RMDD instruction (April 2008) execution of schemes was to be done through tendering procedure as per government norms and materials for bridge parts (including GI pipes) were to be collected from departmental stores concerned. As on 31 March 2009, a total of ₹ 20.58 lakh was incurred towards construction of eight SFBs leaving an unspent balance of ₹ 2.65 crore (incl material cost).

Audit analysis revealed that the action of the State Government (Rural Management & Development Department) to release funds to all the four districts Zilla Panchayat (ZPs) was essentially unauthorized diversion of BRGF fund meant for North district to all the four districts that too without obtaining prior approval of the GOI.

Analysis of expenditure incurred by West district ZP revealed that a short tender notice was invited (4 November 2008) by the ZP allowing only six days (10 November 2008) to participate in the tender process. Another four days was only allowed for quoting the rates, thus restricting the scope of fair competition and wide publicity. The publicity was not only given very limited time for the contractors to



participate but the tender notice was not displayed at public places and no publicity through local papers were attempted. While the ZP could not furnish details and relevant documents pertaining to seven works, records relating to one work in respect of 'Construction of Foot Bridge at Chojo over Runum Khola' revealed that tender documents were procured by only three contractors and none of them had even enclosed bills of quantities and the rate offered by them. In absence of which it is not clear how the minimum rates as reflected in the comparative statement was arrived at for the work order issued. Scrutiny of tender form vis-à-vis various other papers submitted from time to time by the successful bidder revealed that the signature of the contractor was not uniform in any of the documents as was evidenced from the documents such as tender form, measurement book, labour clearance certificate, request for self - purchase of material, etc. Two different signatures in the same documents are indicative of slip shod works by ZP official. The implementation of BRGF fund by West district ZP was thus characterized by absence of fair competition and wide publicity besides non-furnishing of documents relating to seven works involving ₹ 2.65 crore. The works were not completed despite release of funds of ₹ 1.54 crore by RMDD – the progress ranging between 60 and 75 *per cent* as of September 2009 despite incurring an expenditure of ₹ 2.52 crore on payment of bills to the contractors (₹ 1.20 crore) and material cost (₹ 1.32 crore).

Gangtok  
The

(Dinesh Bhagata)  
Accountant General ( Audit), Sikkim



**APPENDIX – I**  
**STATEMENT OF NON MAINTNANCE OF ASSETS REGISTER**  
*(Reference: Para 1.10)*

**East District**

Sl. No.	Name of GP	I.R. No./Year	Para No.
1	Karthok Namcheybong	31/08-09	11
2	Sichey Lingding	46/07-08	5
3	Riwa Parkha	37/08-09	9
4	Latuk Chuchenpheri	27/08-09	6
5	Rawtey Rumtek	45/07-08	9

**West District**

Sl. No.	Name of GP	I.R. No./Year	Para No.
1	Darap	33/07-08	9
2	Karji Mangnam	34/07-08	9
3	Kyongsa	41/07-08	11



## North District

Sl. No.	Name of GP	I.R. No./Year	Para No.
1	Phensong	58/08-09	8
2	Shipgyar	65/08-09	10
3	Tingvong	64/08-09	7
4	Toong Naga	61/08-09	9
5	Lachung	57/08-09	7
6	Hee Gyathang	66/08-09	10
7	Men Rongong	62/08-09	9
8	Kabi Tingda	67/08-09	9
9	Tingchin Mangshilla	10/08-09	9
10	Ringhim Nampattam	1/08-09	8

## South District

Sl. No.	Name of GP	I.R. No./Year	Para No.
1	Perbing Chuba	21/07-08	5
2	Assangthang	49/08-09	11
3	Rameng Nizrameng	14/07-08	5
4	Mikhola Kitam	56/08-09	8
5	Nagi Phampok	63/08-09	8



**APPENDIX – II**  
**STATEMENT OF NON MAINTENANCE OF RECORDS**  
*(Reference: Para 1.11.2)*

East District

Sl. No.	Name of GP	I.R. No./Year	Para No.
1	West Pandam	46/08-09	6
2	East Pandam	10/07-08	6
3	Simik Lingey	9/08-09	6
4	Rhenock Tarpin	8/07-08	5
5	Pachey Khani	4/07-08	6
6	Karthok Namcheybong	31/08-09	10
7	Sudunglakha	50/07-08	8
8	Assam Lingzey	2/07-08	5
9	Regu	11/08-09	9
10	Sirwani Tshalamthang	16/08-09	7
11	Dolepchen	49/07-08	9
12	Tadong Samdur	43/07-08	3
13	Premlakha Subaneydara	8/08-09	8
14	Changey Senti	33/08-09	7
15	Riwa Parkha	37/08-09	7
16	Latuk Chuchenpheri	27/08-09	6
17	Rongli Changeylakha	48/07-08	8
18	Rawtey Rumtek	45/07-08	7
19	Rakdong Tintek	38/08-09	6



Sl. No.	Name of GP	I.R. No./Year	Para No.
20	Martam Nazitam	15/08-09	6
21	Chujachen	35/08-09	8
22	Taza	6/07-08	6
23	Aho Yangtham	36/08-09	9
24	Gnathang	42/07-08	5
25	Central Pandam	9/07-08	6
26	Singbel	12/08-09	6
27	Samlick Marchak	44/07-08	4
28	Ranka Barbing	1/07-08	5
29	Aritar	7/07-08	6
30	Pakyong	3/07-08	6
31	Upper Tadong	29/08-09	5

# West District

Sl. No.	Name of GP	I.R. No./Year	Para No.
1	Thingley Kechopari	37/07-08	7
2	Darap	33/07-08	8
3	Gayzing Omchung	28/07-08	8
4	Kariji Mangnam	34/07-08	6, 9



## North District

Sl. No.	Name of GP	I.R. No./Year	Para No.
1	Rongong Tumlong	59/08-09	9
2	Chungthang	60/08-09	7
3	Shipgyar	65/08-09	8
4	Tingvong	64/08-09	6
5	Namok Sheyam	3/08-09	7
6	Toong Naga	61/08-09	7
7	Lachen	55/08-09	5
8	Lachung	57/08-09	6
9	Hee Gyathang	66/08-09	9
10	Men Rongong	62/08-09	8
11	Kabi Tingda	67/08-09	8
12	Thingchin Mangshil	10/08-09	7
13	Barfok Lingdong	13/08-09	6
14	Lum-Gor Sangtok	14/07-08	6
15	Ringhim Nampatam	1/08-09	5
16	Ramathang Tanek	48/08-09	7



## South District

Sl. No.	Name of GP	I.R. No./Year	Para No.
1	Perbing Chuba	21/07-08	4
2	Assangthang	49/08-09	7
3	Rameng Nizrameng	14/07-08	4
4	Mikhola Kitam	56/08-09	6
5	Nagi Phampok	63/08-09	7
6	Yangyang Rangang	11/07-08	7
7	Lingee Sokpay	22/07-08	4
8	Barnayak Tokal	19/07-08	8
9	Temi	17/07-08	3
10	Lingmoo Kolthang	16/07-08	7



**APPENDIX –III**

Sample selection for Performance Audit of NREGS

*(Reference: Para 2.1.6)*

Sl. No.	Name of District	Name of Block Office	Name og GP
1	East	Gangtok	Assam Linzey
			Gnathang
			Samlik Marchek
			Naitam Nandok
			Luing Perbing
2	West	Ranka	Ranka
			Rawtey Rumtek
			Rey Mindu
			Lingchom Tinja
			Sardung Lungzik
		Gyalshing	Yangten
			Yangthang
			Arithang Chongrang
		Yuksom	Gerethang
			Karji Mangam
			Tashiding



Sl. No.	Name of District	Name of Block Office	Name og GP
3	North	Kabi Tingda	Kabi Tingda
			Lingdong Nampong
			Navay Shotak
			Phensong
4	South	Namchi	Assangthang
			Damthang
			Mamley Kamrang
			Maneydara
		Melli	Lungchok-Kamarey
			Mellidara-Paiyong
			Sadam-Suntaley
			Sumbuk-Kartikey



**APPENDIX-IV**  
**STATEMENT SHOWING FUND POSITION UNDER NREGS**  
*(Reference para 2.1.7.3)*

*(Rupees in lakh)*

Year	District	Opening Balance	Fund from GOI	State share	Misc. receipt	Total	Expenditure	Closing Balance
2006-07	North	Nil	780.87	Nil	Nil	780.87	261.89	518.98
2007-08	North	518.98	77.27	Nil	Nil	596.25	473.87	122.38
	East	Nil	317.54	86.00	45.67	449.21	398.12	51.09
	South	Nil	294.01	7.00	42.63	343.64	313.77	29.87
2008-09	North	122.38	457.29	34.88	0.18	614.73	541.08	73.65
	East	51.09	1,358.73	59.71	8.47	1,478.00	1,310.75	167.25
	South	29.87	1,392.04	89.61	5.58	1,517.10	1,413.56	103.54
	West	54.40	895.08	13.50	33.40	996.38	878.29	118.09
Total		776.72	5,572.83	290.70	135.93	6,776.18	5,591.33	1,184.85



## APPENDIX - V

Statement Showing list of Herbal Garden and Smriti Van not generating any products  
(Reference: Para 3.1)

Sl. No	Name of Unit	IR No./ Year	Para No.	Year of creation	Creation cost (in ₹ )	Lease rent	Maintenance cost (in ₹ )
1	Dalapchan	49/07-08	4	-	3,00,000	-	50,000
2	Tadong Samdur	43/07-08	1	2003-04	1,00,000	-	-
3	Gnathang	42/07-08	1	2004	1,00,000	-	-
4	Lingtam Phaleydara	07/08-09	1	2004-05	3,00,000	-	1,00,000
5	Luing P	47/07-08	2	-	3,00,000	-	12,750
6	Changey Senti	33/08-09	2	2003-04	3,00,000	-	50,000
7	Karthok Namchenbong	31/08-09	2	2006	3,00,000	-	-
8	Regu	11/08-09	1	2004	3,00,000	5,000	-
9	Premlakha Subaneydara	08/08-09	6	2004	3,00,000	40,000	32,215
10	Darap	33/07-08	1	2004	1,00,000	-	-
11	Sudanglakha	50/07-08	4	2004	2,00,000	36,000	70,000
12	Singbel	12/08-09	7	2003-04	3,00,000	-	50,000
13	Rawtey Rumtek	45/07-08	5	2004	1,00,000	-	50,000



Sl. No	Name of Unit	IR No./ Year	Para No.	Year of creation	Creation cost (in ₹ )	Lease rent	Maintenance cost (in ₹ )
14	Samluk Marchak	44/07-08	1	2004	1,00,000	-	-
15	Sumin Linzey	40/08-09	3	2004-05	1,00,000	-	50,000
16	Chujachen	35/08-09	2	2004	3,00,000	42,000	1,00,000
17	Yangyoung Rangang	11/07-08	1	2004	1,00,000	-	-
18	Latuk Chuchenphong	27/2008-09	3	2004-05	3,00,000	-	80,000
19	Amba	41/2008-09	4	2004-05	3,00,000	-	1,00,000
20	Rakdong Tintek	38/2008-09	3	2004-05	3,00,000	-	-
21	Martam Nazitam	15/2008-09	2	2004	3,00,000	-	50,000
22	Simik Lingyey	9/2008-09	4	2003-04	3,00,000	-	1,00,000
23	Lingmoo Koltahng	16/07-08	1	2004	1,00,000	-	-
24	Ben Namphik	18/2007-08	1	2004	1,00,000	-	1,44,301
25	Rabong Sangmoo	20/07-08	1	2004	1,00,000	-	-
26	LingzeeSopkay	22/2007-08	3	2004-05	1,00,000	-	-



Sl. No	Name of Unit	IR No./ Year	Para No.	Year of creation	Creation cost (in ₹ )	Lease rent	Maintenance cost (in ₹ )
27	Rongli Changeylakha	48/07-08	2	2003-04	2,00,000	-	63,900
28	Aho Yangthang	46/07-08	2	2004	3,00,000	-	-
29	Karji Mangnam	34/07-08	3	2004-05	1,00,000	5,000	-
30	Sardong Lungzior	27/07-08	1	2004	1,00,000	-	10,000
31	Yuksom	32/07-08	1	2003-04	1,00,000	-	5,000
32	Lingchom Tikija	26/07-08	1	2004	1,00,000	-	-
33	Gyalshing	28/07-08	3	2004	1,00,000	-	-
34	Singyang Chumbu	25/07-08	3	2004	1,00,000	-	-
35	Tashiding	40/07-08	1	2004-05	1,00,000	-	50,000
36	Gerethang	38/07-08	1	-	1,00,000	-	5000
37	Yangtey	31/07-08	1	-	1,00,000	30,225	-
Total					69,00,000		



## Appendix- VI

### Statement showing list of Self Help Group given loan (Reference: Para 3.2)

(Rupees in lakhs)

Sl. No	Name of GPU	IR Year	Productive sector allocation	Piggery/Goatry/Poultry/Milk cow diary		Ginger/Chilly		Potato		Floriculture/Traditional item/Paper production		Total	
				No. of SGH	Loan	No. of SGH	Loan	No. of SGH	Loan	No. of SGH	Loan	No. of SGH	Loan
1	Pechrech	2/09-10	3.50	-	-	6	0.90	1	0.10	4	1.00	11	2.00
2	Rumbuk	5/09-10	1.50	8	1.00	-	-	-	-	-	-	8	1.00
3	Chingthang	6/09-10	3.50	-	-	5	0.50	-	-	-	-	5	0.50
4	Tadong Richenpong	4/09-10	2.00	1	0.20	-	-	1	0.20	3	0.60	5	1.00
5	Suldong Kamling	10/09-10	3.50	-	-	16	2.68	-	-	-	-	16	2.68
6	Takuthang	11/09-10	2.00	-	-	4	0.60	-	-	-	-	4	0.60
7	Hee	9/09-10	3.50	9	2.64	-	-	-	-	-	-	9	2.64
8	Chumbong	8/09-10	1.50	1	1.07	-	-	-	-	-	-	1	1.07
9	Samdong	7/09-10	3.50	2	1.30	2	0.90	-	-	1	1.00	5	3.20
10	Mabong	1/09-10	3.50	-	-	27	1.69	-	-	-	-	27	1.69
11	Chakung	3/09-10	2.00	-	-	6	1.20	-	-	-	-	6	1.20
	Total											97	17.58